

THE
PRINCIPLES OF MONEY
APPLIED TO THE
PRESENT STATE of the COIN
OF
B E N G A L:

Being an INQUIRY

Into the METHODS to be used for correcting the DEFECTS
of the present CURRENCY; for stopping the DRAINS
which carry off the COIN; and for ex-
tending CIRCULATION by the Means of
PAPER-CREDIT.

THE SECOND EDITION.

Composed for the Use of the Honourable the EAST-INDIA COMPANY.

By SIR JAMES STEUART, BART.

Ex malis moribus nascuntur bonæ leges.

Printed in the Year M.DCC.LXXII.

THE

PRINCIPLES OF MONEY

APPLIED TO THE

REAL ESTATE MARKET

BY J. G. A. B.

PAPER-COVERED



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PRESENT STATE of the COIN
OF
BENGAL, &c.

THE Princes of Hindostan have in all ages considered the coining of money as an appendage of sovereignty, as well as a branch of revenue.

The practice of giving arbitrary denominations to certain coins, beyond the proportion of their intrinsic value with respect to others, is an abuse of very old standing; and nothing can be more contrary to every principle, by which the precious metals have been adopted, as a measure for ascertaining the worth, and as a medium of commerce, or an equivalent for all commodities.

From the most early accounts we have of the mercantile transactions of mankind, we find silver and gold, and even baser metals, made use of as equivalents

valents for the purchase of goods. The proportion of the value of the equivalent was reckoned by the purity of the metal and mass which it contained. It was not 'till in modern times, that princes attempted to set an arbitrary value or *denomination* upon coins, in consequence of the impression struck upon them. This impression was originally intended to ascertain the fineness of the coin, as the balance ascertained its weight; and it certainly must have appeared exceedingly absurd at first, to find the weight of coins curtailed, while they continued to carry the very denominations of the standard weights of the country where they circulated.

To reduce the Winchester bushel to the contents of a drinking-glass, and to call a glass of wine a bushel of wine, is not more absurd, than to call by the term pound, what does not contain one ounce. From this abuse has been introduced the confusion which prevails every where in questions concerning money. From being the plainest of all regulations, money is become an almost inextricable science. The purity of the nature of the precious metals, the permanency of their weight, and the great divisibility of their substance, were the original inducements which mankind had for using them as money. These three great and peculiar qualities inherent in their nature, have been totally defeated, by mixing them with alloy, by giving denominations to their weight which have no relation to weight; and by dividing the same species into different masses of the same value, as well as into equal masses of different values. In a word, it has required both art and ingenuity to deprive the metals of those advantages, which simple nature had endowed them with for the convenience of mankind.

Let us therefore explode this crafty contrivance; let us restore to the metals their primitive functions, and the subject of money will become, once more, both simple and easy to be comprehended.

For

For the better understanding of what is to follow, let me explain a few terms very commonly used, and not sufficiently understood by those who use them.

The terms I mean are these, *bullion*, *coin*, and *money*. By *bullion*, we understand silver or gold, the mass or weight of which is not determined, though the fineness may be known by a particular stamp. Thus all useful or ornamental plate is *bullion*.

By *coin*, we understand pieces of gold or silver, of determinate weights and fineness. In propriety of language, a worn shilling ought no more to be called a coin, than any other bit of old silver.

By *money*, we understand nothing more than the denomination which determines a proportion of value.

The pounds, shillings, and pence, in a merchant's account; the pounds expressed in a bond, bill, or bank note, are all denominations of money, but they are not coin, any more than they are *bullion*.

From these definitions the subject of money will be easily explained, after we have shortly pointed out the use of it.

The use of money is to value goods, and to keep accounts clear between man and man.

We have said that it consists merely of denominations: Now these denominations keep as exact a proportion to one another as numbers can do; consequently they are admirably fitted for expressing the proportion of the value of different things, and when, in consequence of the contract of sale, the property of

any thing changes hands, the proportion of its value being expressed in denominations of money, the debt due by the buyer to the feller is ascertained.

The next thing necessary is to fix and ascertain the exact value of these denominations. This is the function of coin.

I have said, that coin consists of pieces of gold and silver, of determinate weights and fineness; now these weights and fineness must be as exact in their proportions to each other as the denominations of money themselves; that is to say, as exact as the proportion of numbers. Coin made after this manner may then receive its denomination. But if ever, from any cause, a piece of coin shall lose any part of its weight or fineness, from that moment it ceases to be coin, and becomes bullion, according to the definition we have given of it.

On the other hand, if ever the denomination of any coin be changed, without the coin's having received any alteration in its intrinsic value, then the value of the *denomination*, not the value of the *coin*, is changed of consequence.

As long therefore as such pieces of gold or silver preserve their weight and fineness, they ought to retain the same denominations, and pass current according to their denominations as *material money*.

While gold and silver, therefore, pass by *denomination*, they are *money*; when they are valued by their *weight*, they are *bullion*. They are merchandise, but not money.

It may here be proper to explain the essential and characterising difference between these two kinds of money; that money which consists of denominations only, and that money which has these denominations realized into gold or silver.

The

The first kind of money is either mere *reckoning*, or it is *credit*. The second is *price*. The first, I say, is either *reckoning*, or it is *credit*. It is mere reckoning in all accounts; it is credit when expressed in obligations. A bank note is an obligation. When I pay with a bank note, I do no more than to substitute the credit of the Bank in the place of my own, in favour of the man to whom I give it. But as to material money, which I call *price*, the case is very different. When I pay in coin, I put the person in possession of the real value of what I owe him. After this payment, he has no claim on me, or on any other person whatever.

These I apprehend to be the invariable principles which regulate all money and all coin, and while they are adhered to, the value of money and of coin will remain as invariable as the nature of the metals will permit.

But the metals are incapable of realizing money with the mathematical exactness of numbers and denominations. This opens a new scene.

Coin cannot be made without expence, and this expence necessarily adds a value to the coin which is independant of the metal it contains. Upon this principle follows the superior value of coin to bullion, of the same weight and fineness. It gets a value from coinage, because it cannot exist *as money* without it; and if no person can coin but *one*, that *one* may put a value upon his coining, as any artist may put a value upon an art which he alone possesses, unrivalled by any other.

But the greatest defect of material money, in point of mathematical exactness, proceeds from the rivalry between the metals themselves. They have been adopted equally by mankind as a medium of commerce; by which term I mean *price*, or *an adequate equivalent for every thing which may be bought*. But as we
have

have laid it down as a principle, that the denominations of all coins ought to be in an exact proportion to the value of the metals they are made of; how can this exact proportion be preserved if the metals themselves be not stable in their value to each other? Let me explain this matter by an example, which frequently conveys an idea with more clearness than any reasoning can do.

It has been long the custom in India to coin gold and silver into pieces of the same weight, and the same fineness. Let me call, for the sake of an example, these gold and silver coins by the name of rupees; and let me suppose, that the gold rupees pass in circulation for 14 silver rupees, or that the proportion of the metals is as 14 is to 1.

Let me suppose, that a master gives to his shroff 1400 rupees a year for his salary; and that in making payment to him he sometimes pays him in 1400 silver rupees, and sometimes in 100 gold rupees. Let me suppose, that the price of gold shall rise in such a way in the market, as that it may require 15 silver rupees to purchase as much gold as is contained in one gold rupee. The master upon this begins to pay his shroff's salary in silver only. The shroff complains that he is not paid sometimes in gold: Says the master, don't you receive your salary of 1400 rupees, as I promised you? Why do you wish that I should pay you in gold? Nobody, of late, has made any payments to me in gold; and I cannot pay, but with the money I receive. But pray, Mr. Shroff, adds the master, what advantage would you reap were I to pay you in gold as formerly? Why, sir, were you to pay me in gold, I should melt it down, and with one gold rupee I should buy 15 silver rupees in the market; so you see I lose one rupee upon every fourteen I get from you in silver coin. Why, sir, this would be roguery, says the master. By no means, sir, replies the shroff; you know we have been told, that the *denominations* of gold and silver coin should be exactly in proportion to their value as metals. Now you cannot say that the
fourteen

fourteen silver rupees you gave me, are any more worth a gold rupee, since you know that *that* gold coin will sell, when melted down, for fifteen silver rupees. There is no help for that, says the master, you know I give you the value of your salary, when I pay you in silver: Alas, sir, I know the contrary, says the shroff; but I cannot complain of you; you pay me as other people pay you; but both of us are losers, because silver rupees are no more of the same value they were, and as they will now buy less gold than formerly, so likewise will they buy less of any thing that comes to market. I can hardly believe that, says the master. You may go to market yourself, says the shroff, and see whether you will not get a better bargain, if you promise payment in gold, than by paying in silver. Well then, says the master, the king should make the gold rupees pass for fifteen silver rupees. He might do so, says the shroff, but would ever this restore the value to the silver rupees? Should not I still be a loser on my salary, as at present? For then, you would pay it to me with $93\frac{1}{2}$ gold rupees, instead of 100 which I bargained for. Well, Shroff, says the master, I do not desire to make you a loser; but I do not incline to give you 100 rupees more than I promised you. No, sir, says the shroff, I do not desire you should; All I desire is, to pay me one half of my salary in gold, and then I shall be satisfied to take the other half in silver; because what I shall gain by melting the gold, will make up my loss upon the silver coin. This, says the master, is an awkward way of reckoning; might not the king order the silver rupees to be made heavier; so that fourteen of them might be worth a gold rupee. I should be very glad he did so, says the shroff, for then my salary would be as much better than it was, as it is now worse, because I should still receive from you as much gold as ever I did, and one fourteenth more silver. Were I then the king, says the master, I should coin no more gold at all, and then all confusion would be avoided. You are very right, says the shroff, you might avoid all confusion; but what would become of the rents of your estate? Gold, for what I know, may rise to 100 times the value of silver, and you, who have 100000 silver

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rupees

rupees a year, would then be no richer than your friend at Madras, who has 1000 gold rupees at present. This gentleman you consider as very much your inferior in riches; because his 1000 gold rupees are worth no more than 15000 silver rupees, even after this rise upon gold; but if your 100000 rupees come to be worth no more in India, or in the world, than his 1000 gold rupees, it will be a poor comfort for you, to have nothing to indemnify you, but the cyphers in your rent-roll.

The only observation I have to make upon the example I have given is this: That if silver be made the standard, the gold must, upon every alteration in the proportion, be adjusted to the silver, as in the proposal, made by the master, to raise the denomination of the gold rupees, from fourteen to fifteen silver rupees.

That if gold be made the standard, then the second proposal, made by the master, must be followed, viz. to increase the weight of the silver rupees.

And the proposal, made by the shroff, is the mixed standard; whereby the value of the rupees, considered as a *denomination of money*, not as a coin, is set in the mean proportion between the metals.

Were mankind all philosophers, I should propose to mix the gold and the silver together in the same mass, according to the market proportion of the metals, and to make the coin out of this mixture. I am not so extravagant as to propose so great an innovation. I throw it out merely as a hint, which may cast light upon this subject.

From the example now given I draw the following principle. That in every country, where the inhabitants contract engagements, to be fulfilled in future time, that is to say, where revenues are established, salaries given, bonds and obligations

obligations granted; and when all these obligations are specified in one certain unit or denomination of money, such as pounds sterling, rupees current, &c. it is of the greatest consequence that the intrinsic worth of this denomination, which is the standard unit in all accounts, be properly ascertained and preserved invariable.

The coins of a country may be changed for convenience, such as this we have been speaking of, namely, the change in the proportion of gold and silver in the market; but, in all such changes, the denominations given to the new coins, must constantly preserve an exact proportion of value to the standard unit, by which accounts are kept. Thus, in Bengal, the unit of money of account is the current rupee. To suffer this standard denomination to be valued by the accidental currency of any coin, is contrary to every principle. The current rupee, and not the ficca, or any coin whatever, must be the standard by which every coin or currency is to be valued, and no precaution ought to be omitted, to fix and ascertain its own value. Is it not by this standard that all accounts are kept, and the value of all coins ascertained in the mints, and by the shroffs? and, if one invariable value be not somewhere to be found, what security remains for debtors and creditors?

The infinite importance of preserving the value of the money of account, is what makes me prefer the mixed standard to that either of gold or silver; and upon reflection, my reasons for establishing it will be found solid and rational; though it be not convenient in some respects to adopt them for the present.

Let me add some reflections more upon this subject, the better to illustrate the doctrine of money.

What

What is the reason why no nation that I know, keep their accounts by any specific coin? Neither the pound sterling, nor the livre, nor the German florin, nor the Flemish schilling, nor the Spanish piafre, ducat, or maravedis, nor the Portugal re; nor, in short, the rupee current in Bengal, are real and specific coins.

The reason has been, that however at the first establishment of any currency, the capital and standard money of account may have been realized in a specific coin; yet the variation, in the respective value of the metals, has obliged all states to depart from their first regulation.

Upon the rising of the price of gold (which before the discovery of America was hardly ever known to be above ten or eleven times more valuable than silver) princes would not (as they ought to have done) add a little more weight to their silver coin, bearing the denomination of their standard unit, and take a little of the gold from the coins of equal denomination with the silver. The consequence of which was, to debase the value of their unit in the silver coin, and consequently to occasion the melting and exportation of the gold, which became under-rated. Upon finding the gold become scarce in circulation, and coming no more to their mint, they began to give encouragement to bring it in, by raising the denomination of the new gold coin instead of taking a little from its weight.

Now raising the denomination of this new gold coin could not add to the intrinsic value of it; and therefore it took away from the intrinsic value of the *denomination* which was given to it.

We have said, that upon the rising of the value of gold, more silver ought to have been added to the silver coin. But as this was an immediate expence to the prince, he preferred raising the denomination of the gold coin, although by this he debased the value of all his revenue in years to come.

Thus we see, that the *money pound*, which, in England, in Scotland, and in France, was, four hundred years ago, twelve ounces of silver of about $\frac{1}{12}$ fine, is now dwindled down to the rates which are familiarly known to every one.

In like manner, by the high rating of the gold mohurs coined in Bengal, in the year 1766, and now by raising the denomination of all the sunat rupees, by the regulation, 1771, without adding one grain of more weight to them, the value of the current rupees is debased, but the value of the silver and gold coin is not augmented; as in the sequel shall be proved.

The gold mohur of 1766, was intrinsically worth no more than $11 \frac{1}{2}$ sicca rupees. $11 \frac{1}{2}$ sicca rupees were worth 13.34 current rupees. Now by carrying the denomination of this gold mohur to 14 sicca rupees, the first consequence was, that nobody would *willingly* give 14 silver sicca rupees for this gold coin, which according to the proportional value of gold and silver bullion, was worth no more than $11 \frac{1}{2}$ silver ficcas. The silver was therefore withdrawn from circulation, and could not be got, by fair means, in exchange for this gold coin.

But the gold mohur having got the denomination of 14 ficcas, passed in the payment of the Company's revenue for 14 sicca rupees; and fourteen sicca rupees pass in account for 16.24 current rupees. The second consequence therefore was, that a coin passed for 16.24 current rupees, which was really worth no more than 13.34. Was not this debasing the value of the current

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rupees,

rupees, and consequently diminishing the value of all payments made to the Company in current rupees?

Were the guinea raised to 50*l.* would this add to the value of the guinea? No, certainly. Would it not then debase the value of the pound sterling? Undoubtedly it would.

By the regulation, 1771, a similar operation is made on the silver money, which in 1766 was made upon the gold; all sunat rupees, by recoinage, are to become ficas, so that 100 of these coins, which now pass for 111 rupees current, are to be made to pass for 116. Must there not be a great profit to the person who can turn these 100 sunats into 116 current rupees by the stroke of a hammer? The Company ought to have, at least, the profit of doing this, since they are to bear the loss, in the payment of their revenue every succeeding year; because all sunats will henceforth be paid to them at the rate of ficas. But I have not as yet discovered by what means this immense profit upon the coinage, is to be communicated by the mint to the Company, though I see very plainly how the operation must debase the value of the rupees current, and how it must diminish the revenue of the Company, on the one hand, and the salaries of all their servants on the other.

Having now explained the governing principles of money, I come next to examine the present state of the coin in Bengal; and by applying the principles, already laid down, to the irregularities we shall find in that currency, the propriety of the measures I shall afterwards recommend, as a cure for the evil complained of, will be the more easily comprehended.

The standard of the Bengal money has ever been silver; gold has been occasionally coined, as we shall have occasion to observe; but the great bulk of the currency has been silver.

The

The most common silver coin is the rupee of one ficca, or ten maffa weight, and of the fineness of $\frac{98}{100}$ or 11 oz. 15 dwts. 4 grs. .8 dec. troy. The ficca weight is equal to 7 dwts. 11 grs. and .5511 decimals of a grain; or, as other people call it, 7 dwts. 11 grs. $\frac{2}{3}$: The difference is inconsiderable

The ficca weight is thus divided;

One ficca equal to 16 annas, or 179 grains .5511 dec. troy weight. One anna equal to 12 pice, or to 11 grs. .22194 dec. troy. And one pice is equal to .93516 decimal parts of a troy grain.

These ficas, annas, and pice, are denominations of real weight; and it is for this reason that I have converted them into troy weight, taking the denomination of the grain troy, and decimal parts of it, in order to avoid the perplexity, which the reckoning by the two denominations of pennyweights and grains would involve our calculations.

The principal rupees in coin in Bengal, and those which are coined by the best regulations of weight and fineness, are those of Madras, Bombay, Surat, and the ficas of Bengal.

The standard weight of all is the same, viz. 16 annas, or 10 maffa weight; and the fineness ought to be the same, viz. $\frac{98}{100}$ fine; but the denomination is very different. This is occasioned by the battas. Here then occurs the first and radical defect of the Bengal currency.

I hope from the principles laid down, that it appears evident, that pieces of the same weight and fineness, ought either to carry the same *denominations*
of

of money, or else these denominations cannot bear a regular proportion of value to the coin which carries them.

This principle is so palpable, that it has required a little art to throw dust in the eyes of the people, in order to prevent their being shocked with it.

For this purpose, has been introduced a set of *denominations of money*, carrying the same names with the weights above-mentioned; namely *annas* and *pice*. A current rupee is said to contain 16 annas; every anna, 12 pice.

When a rupee comes from the mint of Bengal, it is called with propriety a *ficca rupee*; because it is of the weight of 1 *ficca*, or 16 annas, or 10 *massa* weight, as has been said.

The coin carries upon it the year of the King's reign, and is called a rupee of as many *fun*s as the King has reigned years. Thus the rupees coined in 1770 are called rupees of the eleventh *fun*, because the King began to reign in 1760. During the first year's currency, these rupees are worth 16 per cent. better than current rupees: During the second year's currency, they are worth no more than 13 per cent. above current: During the third year's currency, and ever after, they are reduced to 11 per cent. above current, and are then called *funat*. There are, however, many rupees as good as these *funats*, which are rated at 10 per cent. only above current; so the *funats* have an arbitrary *batta* of 1 per cent. allowed to them above their real value in proportion to the general currency of the country.

The next defect of the Bengal currency is with respect to the accuracy of its fabrication.

There

There are various mints established by ancient custom, where the regulations, both as to the fineness, and the weight of the coins, are different, though their denominations be the same. From this, and from punching out holes, and filling up these holes with base metal, as well as wilfully diminishing the weight of the coin, after coming from the mint, the currencies of rupees of different provinces are of different values.

This defect has introduced a general and unsupportable abuse; namely, that of Shroffage.

The shroffs are a sort of bankers, or money-changers, whose business it is to set a value upon these different currencies, according to every circumstance, either in their favour, or to their prejudice.

When a sum of rupees is brought to a shroff, he examines them piece by piece, ranges them according to their fineness, then by their weight. Then he allows for the different legal battas upon ficcas and funats; and this done, he values in gross *by the rupee current*, what the whole quantity is worth.

This rupee current therefore is the only thing fixed, by which coin is at present valued; and the reason is, because it is not a coin itself, and therefore can never be falsified or worn. One principal regulation therefore which is wanting, is to determine the value of the rupee current, and not to suffer it to be debased in its value by the debasement of the coin, which is at present the case.

I have already observed in general, that the coin of Bengal has been unfaithfully made, both as to its weight and fineness; I am now to shew, as well as I can, the extent of these deviations from perfect exactness.

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For this purpose, a collection has been made from the books of the mint of Calcutta, by which it will appear, that all the rupees of Hindostan have been intended to be coined of the weight of one sicca. This is the only piece of regularity which has been observed.

The standard fineness does not appear to have been put under any regulation. In almost every article it is different; as will appear upon perusing the following table, which is taken from the Miscellanies, lately printed by order of the Court of Directors, pages 45 and 46.

Silver Rupees re-coined.

		Number	Sicca	Weight.	Affay.		Current Rup.			
		of Rup.								
1764.										
Names of the Rupees.			fic.	an.	pi.	dwt.	grs.	cur.rup.	an.	pi.
Fuley funat	51505	51344	0	9	bet.	13	0	produce	58225	11 9
Ditto - -	9893	9862	1	3	—	13	6	—	11183	14 0
Benaris rupees	9982	9691	4	0	—	7	18	—	10332	15 6
1765.										
Patna funat	20000	19801	15	9	bet.	10	0½	produce	22216	0 9
Ditto	25000	24752	7	6	not affay'd		—	—	27798	4 0
Bombay rup.	25000	24752	7	6	bet.	12	18	—	28041	3 0
Ditto	9959	9860	6	0	—	13	0	—	11153	13 3
Bomb. 3 fun.	10000	9975	0	0	fic. stand.		—	—	11311	15 6
Fuley 3 fun.	3500	3491	4	0	—	0	0	—	3959	3 0
5 fun siccas	53000	53000	0	0	bet.	13	6	—	60762	15 6
									Number	

Number Sicca Weight. Assay. Current Rup.
of Rup.

1765.

Names of
the Rupees.

		fic.	an.	pi.	dwt.	grs.		cur. rup.	an.	pi.
Woojery rup.	100	96	2	6	wor.	2 18	produce	95	15	6
Ditto	35199	33845	3	0	—	2 18	—	36303	3	3
Dacca rup.	5500	5500	0	0	not	assay'd	—	6093	7	6
Ditto	50	50	0	0	bet.	12 18	—	55	6	3

1766.

4 sun funat	17550	17506	2	0	—	—	produce	19852	7	6
5 sun ficas	80000	79862	8	0	bet.	13 0	—	90566	8	3
Ditto	20000	19965	10	0	—	—	—	22627	5	6
Dacca rup.	29495	29435	1	6	—	7 0 $\frac{1}{2}$	—	32802	8	6
Ditto	30496	30434	1	0	—	—	—	33915	12	9

1768.

Surat rupees	1860 3	1834	5	0	bet.	3 0	produce	2009	15	6
Gur fuley best	6109 0	6047	14	6	—	10 0	—	6782	5	6

1769.

Newviziery rup.	5400	—	—	—	wor.	15 0	
Old ditto	1850	—	—	—	—	6 0	
Gur fuley funat	287	—	—	—	bet.	11 0 $\frac{1}{4}$	
French arcot	406	—	—	—	—	8 0 $\frac{1}{2}$	
Short arcot	1777	—	—	—	—	3 0	

Number

	Number of Rup.	Sicca Weight.	Affay.	Current Rup.
1769.				
<i>Names of the Rupees.</i>		<i>sic. an. pi.</i>	<i>dwt. gr.</i>	<i>cur. rup. an. pi.</i>
8, fun siccas	14000	13979 0 0	standard	produce 16024 5 0
Bombay	1125	1113 12 0	bet. 12 0 $\frac{1}{2}$	——— 1251 13 0

The Company's servants in the mint of Calcutta, have in their assays contained in the 4th column, compared the fineness of the coins with the standard of England; and, as the English standard for silver is 11 oz. 2 dwts. fine silver, to 18 dwts. of alloy, they take this as a fixed point, and express the fineness of the coins of Bengal by their being so many dwts. better, or worse than English standard.

To explain this matter to those who are not acquainted with such terms of art: It must be known that the English pound troy is divided into 12 ounces, every ounce into 20 pennyweights, and every pennyweight into 24 grains. So the number of pennyweights in a pound troy, and of pence in a pound sterling, is the same, viz, 240, or 12 multiplied by 20. When therefore it is said that any quantity of silver is 10 dwts. better than standard, we are to understand that it is 10 dwts. better than 11 oz. 2 dwts. But 11 oz. 2 dwts. is the same as 222 dwts. so 10 dwts. better than English standard, means that the silver is 232 dwts. of fine silver, and 8 dwts. of copper, which together make the integer or pound troy of 240 dwts. I must observe, that these divisions of ounces, pennyweights, and grains, are denominations of *proportion*, and not of *real weight*. And when we say that any silver coin is 232 dwts. fine, we mean no more than that the fine silver in the piece is $\frac{232}{240}$ parts, and that the $\frac{8}{240}$ which remain are alloy.

As

As to gold, the English standard is reckoned by carats and grains. Twenty-four carats are called fine gold; every carat is divided into four grains, so in fine gold there are twenty-four carats or ninety-six grains.

The standard of English gold is 22 carats or 88 grains, that is to say, it is $\frac{11}{12}$ in carats, or $\frac{88}{96}$ in grains, or $\frac{11}{12}$ fine gold to $\frac{1}{12}$ alloy.

This is sufficient for the information of those who know any thing at all of this subject.

The first column of the above table mentions the names of the different rupees which were brought to the mint. The second column mentions the number of pieces of coin delivered. The third column expresses the weight of each number of the pieces set down in the second column; so that whatever the sicca weights fall short of the number of rupees delivered, marks the degree of wearing of the coins delivered.

In the first article it appears that 51505 fuley funat rupees had been delivered: Had these been full weight, they would have weighed 51505 sicca weights. But as they weighed no more than 51344 sicca weights and 9 pice, they have been short of their due weight 160 sicca weights, 15 annas, 3 pice.

In the article of five fun ficas 53000 rupees; the weight is exactly the same with the number of rupees. The reason is, that these rupees had been coined in the year 1764, and had upon issuing the ficas of the sixth fun lost 3 per cent. of their *denomination*, though nothing of their *weight*. So by striking them anew they regained their 3 per cent. for another year.

Upon calculating the fine silver corresponding to the rupees current in the coin delivered by the mint to those who brought in the old coin, it comes out in some articles to be 165.78 pice for the current rupee; but, in calculating the rupee current as delivered to the mint-master, it must be reckoned upon the footing of $\frac{10}{11}$ of the fine silver in one sicca weight. The fine silver in one sicca weight of $\frac{98}{100}$ fine, is 188.16 pice, multiply by 10 and divide by 11, the quotient will be 171; so here is above $5\frac{1}{4}$ pice gained upon every rupee current, besides $2\frac{1}{2}$ per cent. for the price of coinage. And this, upon the supposition, that all the coin delivered had been bought up at its intrinsic value; which, considering the art and knowledge of the shroffs, and the ignorance of the people from whom they collect this coin, cannot be supposed.

Another great abuse in the mints of Bengal is, that the assay-master and the mint-master is the same person. I shall suppose, that when the old coin and bullion is delivered to the mint, the assay-master, for his own sake, makes correct assays, such as are marked in the fourth column of the table referred to. I demand what proof there is, that the new coin delivered is of the fineness it ought to be? What check, I say, is there upon the mint-master, who must melt the bullion, and consequently may falsify it, before he can coin it? How do we know but that the proprietor of the bullion and he may share the profit of making the new coin below standard fineness? In all mints well regulated there are proper checks upon the assay-masters, mint-masters, and moneyers or coiners. For this reason the trial of the pix is appointed in the mint at the Tower of London, and there is a responsibility established for every person who has any trust.

It will therefore be proper that the East-India Company do establish the like regulations in their mint, and do provide themselves with every utensil and machine required for coining of money. I am informed that these instruments
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have many years ago been provided for this purpose, and it is very proper that they be enquired after, and supplied where deficient. Information concerning this particular may be got at the Tower of London.

Nothing is more necessary than to have young people bred in London, or elsewhere, to the trade of refining and assaying silver and gold. Many will be wanted for the several mints which in time it will be proper to establish in different cities of India; though at first it may be necessary for the Company to content themselves with one at Calcutta; and it is a great shame, that in the Tower of London there should be no refiners of the precious metals. The resources found in London to supply this want, will not be found in India; and as the shroffs assay with the touch-stone only, at least for the most part, the proper check for the inaccuracy of this method of assay, is the establishment of proper refiners and assay-masters.

I have observed that the shroffs and mint-masters are those who collect the old coin and bullion, and bring it to the mint to be recoined.

In order to prevent any abuse in this delivery of bullion, a mint price for standard bullion ought to be established, and the price ought to be fixed at $2 \frac{1}{2}$ per cent. below the value of the coin.

Let me explain this by an example.

A person, let me suppose, brings 100 sicca weight of old coin to the assay-master of the mint. The assay-master melts it down, refines it, and brings it to the proper standard for being coined into rupees of silver. It is then weighed, and the mint price of it is stated at $2 \frac{1}{2}$ per cent. below the weight; that is to say, the proprietor of the silver must receive in new silver rupees the full quantity

tity of the standard silver contained in his 100 sicca weight of old coin, less $2\frac{1}{2}$ per cent. for the expence of coining it a-new.

Were this regulation established, and faithfully executed, every body having silver coin or bullion would go with confidence to the mint, instead of interposing a shroff between him and the mint; and in places at a distance from any mint, many expedients may be contrived to ascertain to the proprietors of unequal coin the true value of it, by melting it down and stamping it in ingots, to be verified afterwards at the nearest mints.

When once the inhabitants begin to feel, that there is a possibility of ridding themselves of the impositions put upon them in the valuing of their coin by the shroffs, they will quickly fly to the remedy.

If upon the other hand, we suppose an universal combination among knaves every where, it is to no purpose to make any regulations whatever.

It has been observed, that one of the greatest abuses to be corrected with respect to the current coin of Bengal is what is called shroffage. Example.

A tenant has a few rupees to pay for his rent, which I am informed is to be paid to the Company according to the conversion of sicca rupees valued at 16 per cent. above current. This coin, the sicca of the year, is what alone carries in it the 16 per cent. batta. It is impossible the whole rupees in Bengal should be recoinced every year, so that the Company's revenue might be specifically paid in them; and were it possible it would be absurd. Whatever rents are paid in any other species, are subject to a conversion of value, and this is the business of the shroffs. This abuse cannot be exaggerated; it goes so far, as that no person can tell the value of the coin he is possessed of until a shroff be consulted upon the matter.

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There is but one remedy for this abuse, viz. an equal and permanent coin of a fixed denomination; and this never can be introduced, while any power is lodged in any part of the Indian government, to change the denomination or currency of it.

It is not then a matter of choice, whether or not the Company ought to allow this batta in favour of ficca rupees to remain. The only choice is, whether *all* rupees of full weight and fineness should, without recoinage, be valued at 16 per cent. above current; or whether *all* should be reduced to 10 per cent. above current.

This question terminates in this, whether the current rupee should be universally debased to $\frac{10}{11}$ parts of a silver rupee of one ficca weight, or whether it should continue to be $\frac{10}{11}$ parts of it.

I am very clearly of opinion, that in the first case, the revenue of the Company, though reckoned by ficca rupees, will contain yearly less silver than it did, in proportion to the number of ficca rupees in currency; that is to say, in proportion to the recoinage of the old rupees. In the second case, the revenue of the Company will contain yearly more silver than it did, in proportion as the number of the present ficca rupees shall diminish by their becoming funats.

Having now explained the state of the Bengal silver currency, I must enquire into the nature of the innovations which the Company, of late years, have made upon it.

In former times, some gold coins had been struck at Dehli of the same weight and fineness with the silver rupees. But these coins were left to seek their own

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value. Accordingly I have been informed, that they have circulated at the rate of 12, sometimes at the rate of 13, sometimes at the rate of 14, and even so high as 15 silver rupees.

But these variations proceeded from the variation in the proportion of the metals, and were purely conventional: So that 'till the year 1766 no gold coin in Bengal had ever been put on the footing of *money* with a legal *denomination* with respect to silver coins.

It comes therefore now to be examined what was the nature, and what were the consequences to circulation from the coinage of gold mohurs in the year 1766. What were the consequences of the second gold coinage in 1769; and, in the last place, what may be the consequence of the new regulation in 1771 upon the coinage and currency of silver.

Concerning the coinage of gold mohurs established in Bengal by the Consultation of the 2d of June, 1766.

It has been observed, that this coin called gold mohurs had been formerly coined at Dehli, of the same weight and fineness with the sicca rupee of Bengal and other countries of Hindostan; but that they passed conventionally, having no legal *denomination*.

Great complaints having been made in 1766 of the exportation of silver to China and other places, and considerable quantities of gold being then in Bengal, either in ornaments, in coin, or in treasures hid under ground; it was proposed, as an expedient for augmenting the currency of specie, to make a coinage of gold, in which such *encouragement* should be given to the bringing

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of gold to the mint, as to draw this precious metal from its lurking holes, as well as from other countries.

The government of Bengal did not consider, that every *encouragement*, as it was called, given to gold coins in preference to silver coins, must occasion the melting down, and exporting of the silver coin. The only encouragement it was possible to give to gold coins was, to fix a denomination to the new gold coins above their due proportion to the silver currency; or in other words, to render the gold intrinsically worth less in payments than the silver currency. The consequence of which, we have observed, is to engage every one to pay in gold rather than in silver. And the directors of this operation pitching upon 15 arcot rupees as the value of one gold mohur, instead of estimating the value of these 15 arcot rupees by the fine metal contained in them; estimated them by their current value, which was above the proportion of their intrinsic worth. Not satisfied with this first deviation from principles, they added to the mohur (already over-rated in its proportion to the 15 silver arcot rupees) no less than 8 per cent. extra-denomination, entirely arbitrary. So when this gold currency came abroad, it proved to be no less than $17\frac{1}{2}$ per cent. worse in payments than silver rupees of Bengal, Madras, Bombay, and Surat, which all pass under the name of Dufs Maffa rupees, and are *nearly* of the same weight and fineness.

I can the more easily pardon this irregularity, as over all Europe, it was anciently the custom in mints, to raise the denomination, or to mix alloy with the coins they wanted to multiply; and which is very extraordinary, they could not conceive the possibility of any other expedient for procuring the metal they wished to obtain.

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I am sure that many people in this city still entertain the same notions, when they tell us, that the reason our gold is exported, is that our guineas are too good; meaning that they should either be raised in their denominations, or made lighter. Raised in denomination, if they be to preserve the same weight and fineness; but from 21 shillings to be called 22 shillings; or made lighter, by coining more of them out of the pound troy.

The consequence of both alterations is the same. It operates no other effect upon the coin, than to debase the value of the shillings, and consequently, of the pound sterling, by which we reckon.

We may therefore conclude, that in proportion as we raise the *denomination* of any coin above its proportion to the general currency, we debase the value of such *denomination*, and promote the exportation of what is undervalued. If guineas were now raised to 22 shillings denomination, or if the mint were to coin 46 guineas instead of $44\frac{1}{2}$ out of a pound of gold, would not this effectually debase the value of the pound sterling? Undoubtedly it would; because the pound sterling would then be worth no more than $\frac{20}{22}$ parts of a guinea, instead of $\frac{20}{21}$ parts of the same guinea. Were this regulation therefore to take place, the Bank in paying their notes would gain $\frac{1}{21}$ upon all the guineas they might then have in their coffers; that is to say, they would pay their notes with less gold for a month or two: But on the other hand, they would lose every year after, $\frac{1}{22}$ of all the interest government pays them upon their stock, which is about 11 millions sterling at 3 per cent. and 3 per cent. on 11 millions, is 330000 £. $\frac{1}{22}$ of which is 15000 £. This the proprietors of Bank stock would annually lose to perpetuity.

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The matter of fact with respect to the gold coinage in Bengal in 1766, establishes the truth of this reasoning. Nobody in Bengal would pay *willingly* in silver rupees, after the issuing of this gold currency; and it was the greatest oppression to force them to it. The people of that country had been so long accustomed to silver coin, that they never would, except when forced to it, receive the mohurs in payment. So the Company was obliged to make a new regulation in 1769, little better than the former. At last the gold currency fell all together to many per cent. below its intrinsic value, according to the saying, Dum vitant stulti vitia in contraria currunt.

Now let me suppose, that this currency of gold mohurs had been supported by authority; what would have been the consequence? I answer, that the silver rupees would have totally disappeared, as much, or perhaps more than our own silver coin has done in England. And a further consequence would have been, that the rupee current would have begun to draw its value from the gold mohur (as the pound sterling now draws its value from the guinea) and consequently have lost $17 \frac{1}{2}$ per cent. of its value, as our pound has lost 5 per cent. of its value. This the Company must have lost every year to perpetuity, for the sake of making a present to the shroffs of $17 \frac{1}{2}$ per cent. upon the first issuing of this gold.

For a similar reason (as I have just said) has the pound sterling been debased; first, by allowing guineas (which are worth, in proportion to our sterling silver coin, no more than 20 shillings) to pass for 21 shillings; and then by suffering light guineas to pass for 1l. 1s. when many of them are not worth 18 shillings. The similarity of circumstances in England and in Bengal, with respect to the over-rating of gold, is a farther apology for this monstrous abuse. Our pound sterling in new guineas, if compared with our standard silver coin, has indeed

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lost 5 per cent. only. The current rupee lost, for a time, $17 \frac{1}{2}$; but then, the greatness of the loss roused the Indians, and forced the Company to desist: Whereas the gradual debasement with us, has fixed it upon us beyond the power of redress, as will be seen (if I be not mistaken) upon the new regulations of the mint, which sooner or later must take place.

Having thus explained the consequences of this coinage of gold mohurs in 1766, it remains to demonstrate by matter of fact, that the thing was as I have represented it.

The regulation of this coinage was as follows:

That a gold coin, called a mohur, should be struck of the fineness of 20 carats.

That the weight of this coin should be 7 pennyweights $11 \frac{2}{3}$ grains troy weight. Or reducing all to grains (in order to avoid different denominations of weight) 179 .66.

That the denomination of this gold coin should be 14 silver sicca rupees of Bengal.

It was ordered by article 7th, referred to in Mr. Campbell's letter of the 2d of June, 1766, to Mr. Sumner, That payments offered in this gold coin should be received by all persons as a legal tender in all payments, under severe penalties against transgressors.

Let us now examine the proportion of value between the rupees in the gold and in the silver currency, which were ordered to be received as equivalents of each other.

The fineness of the new gold was 20 carats, or $\frac{20}{24}$ fine. The weight of it was 179.66 grains troy.

To know how many grains of fine gold were contained in this gold mohur, state thus, 24 car : 20 car. :: 179 grs. .66 : 149 grs. .72.

So in this currency 14 ficca rupees of Bengal, were made of an equal value to 149.72 grains troy, of fine gold; that is to say, one rupee was equal to 10.694 grains fine gold for $\frac{149.72}{14} = 10.694$.

Next as to the silver:

A Bengal ficca rupee is of the standard of 11 oz. 15 dwts. fine, nearly, to 5 dwts. alloy, which together make one pound troy, or 240 dwts.

The weight of this rupee is the same with the gold mohur, which we have described; namely, 179.66 grains troy.

To know how many grains troy of fine silver are contained in this rupee, state thus, 240 dwts : 235 dwts. :: 179 grs. .66 : 175 grs. .92.

We have seen that one rupee in the gold currency was worth 10.694 grs. of fine gold; and now we see, that one rupee in silver was worth 175.92 grs. of fine silver.

Now according to all the principles we have laid down, the quantities of gold and silver which carry the same denomination *as money*, ought to be of the same value *as metals* in the market.

But

But as this coinage went upon the supposition, that the proportion of the metals in the market of Bengal was nearly as 1 is to 14; had this coinage been rightly proportioned, the grains of silver divided by the grains of gold, would have given for quotient 14. Instead of this $\frac{175.92}{10.694}$ gives for quotient 16.45.

Was not then the gold over-rated in this coinage, by the difference between 14 and 16.45, which is no less than $17\frac{1}{2}$ per cent.?

Surely after this, nobody would pay their debts in silver, at the loss of $17\frac{1}{2}$ above the value of gold, and no creditor durst refuse to accept of this gold in payment of debts, although he lost $17\frac{1}{2}$ per cent. by receiving it.

If then nobody would pay in silver rupees, would they not be melted down, or exported? And would not this occasion a still greater scarcity of silver in Bengal, and promote the sending it off to China? in order to prevent which, the gold currency had been introduced.

Further; was not the value of the *rupee* in the gold coin, actually debased in value $17\frac{1}{2}$ per cent. below the value of it in the silver coin?

Would not this diminish, year after year, the value of the whole of the Company's revenue of Bengal by $17\frac{1}{2}$ per cent.? And, would there not have been a profit to all debtors in paying with this gold the debts which they had contracted in silver rupees before the 3d of June, 1766?

It is no wonder if so injudicious an operation should disgust people who are not at the trouble to investigate the nature of it; and who conclude in general, that it must have proceeded from the innovation of the gold currency, and not from a defect in the conducting of it.

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Let me next examine the regulation of the 20th of March, 1769, concerning the same subject.

By this regulation no change is made on the rupee of silver: It remains as before, containing (as has been observed) 175.92 grains troy of fine silver.

The fineness of the gold mohur is said to have been 23 car. $3\frac{3}{4}$ grains, or $\frac{99.64}{100}$, and the denomination given to it was 16 sicca rupees.

I shall therefore examine this currency by the same process by which I examined the former.

The weight of this mohur was 17 annas, or 7 dwts. 22 grs. .773, or 190 grs. .773 dec. To know the weight of fine gold contained in it, state it thus, $100 : 99.64 :: 190.773 : 190 .086$.

So the mohur of 1769 contained 190 grs. .086 of fine gold, and the mohur of 1766 contained 149.72. The mohur of 1769 was rated at 16 sicca rupees; that of 1766, at 14 sicca rupees. We shall presently discover the equation of their value.

If we divide the grains of fine gold in the mohur of 1769 by the denomination of it in sicca rupees, viz. by 16; the quotient will shew how many grains of fine gold go to the sicca rupee in this currency, viz. $\frac{190.086}{16} : 11.88$ grains.

So for the rupee of 1769 there were 11.88 grains fine gold, and for the rupee of 1766 there were 10.694. Difference of value in favour of the rupee 1769, 1.216, or more than 1 grain of fine gold.

Let us next divide the silver of this currency of 1769 by the gold, in order to discover at what supposed proportion of metals it was made.

The silver in the sicca rupee was 175 grs. .92; the gold in ditto 11 grs. .88, divide the one by the other $\frac{175.92}{11.88} = 14.81$.

Now if we go upon the supposition we have hitherto adopted, viz. that the proportion of the metals in India was supposed to be at 14 to 1; then in this coinage of 1769, the gold was over-rated $5\frac{1}{4}$ nearly per cent. State thus, 14 : 100 :: 14.81 : 105.71.

But in the coinage 1766 we have seen, that the gold was over-rated $17\frac{1}{4}$ per cent. and, in that of 1769 by 5.71 per cent. So the difference in favour of the coinage 1769 above that of 1766, was 11.79 per cent.

But still the gold was over-rated above the due proportion, by $5\frac{1}{4}$ nearly per cent. upon the supposed proportion of 14 to 1, which, I have strong reasons to believe, is even higher than the truth.

It follows next in order, that I examine the regulation mentioned in the General Letter to the Court of Directors, dated at Fort William the 30th August, 1771; whereby it appears, that the ficas of the 11th Jun coined in 1770, are for the future to continue to pass for the full value they had at first coming from the mint; and that all the ficas to be issued or coined in all subsequent years, shall, in like manner, retain their full denomination; by which the gradual abatement formerly established upon sicca rupees, during their second and third years currency is to be abolished.

The intention of this regulation is, that in a few years all silver rupees shall be re-coined, and the whole currency of Bengal raised to ficas 16 per cent. better than the current rupee.

Every

Every regulation which tends to promote uniformity, is so far good. It is no doubt absurd, that any coin merely because it is new should carry a higher denomination than another of equal weight and fineness, coined by the same authority.

But let me demand, what could be the reason of the former regulation, which gave the new ficas an advanced value during their first three years currency, which was cut off from them the fourth year? It was no doubt, that the issuer of the coin might give it out for more at first, than afterwards he was to receive it for; and by that means gain the difference.

One hundred new ficas were delivered out at first for 116 current rupees; when these came to be funats they were received back for 111 current rupees; consequently there was a profit to the first deliverer, who I suppose to be the last receiver, of about 5 per cent. The current rupee therefore was to this funat rupee as 100 is to 111, or it was $\frac{100}{111}$ parts of a funat. The funat rupees again still retained 1 per cent. batta above the other silver rupees of the same intrinsic value; so that the current rupee was $\frac{100}{111}$ parts of the silver of 1 ficca, though no more than $\frac{100}{111}$ parts of its denomination.

Now if by this new regulation, the ficca rupee be to remain at its full denomination in time to come, and if by the successive recoinage of all the rupees whatsoever, the whole currency become ficas, is not this a raising of the denomination of all the coin, and consequently a debasing of the value of the current rupee from $\frac{100}{111}$ to $\frac{100}{116}$?

By a similar practice, and for the like reasons, have all the coins in Europe been raised, and the denominations of money, by which all revenue is reckoned, have been dwindled away to nothing. But such practices were the fruit of ignorance

norance and barbarism; and in Europe they are become less frequent since credit and commerce have been established.

Had the regulations of 1771 been quite the reverse, it would have been more rational, more profitable to the Company, and equally uniform. Had it I say been resolved to issue the rupees coined for the future, at 10 per cent. only, above the current rupee (cutting off the ridiculous advanced value of the coin merely because it was new) the new rupees would have passed at the value of standard rupees of one sicca weight, and the standard money of account, the rupee current, would have retained its former value, namely, $\frac{1}{11}$ of the rupee, weighing one sicca weight of $\frac{9}{10}$ fine.

The former regulation before 1771 debased the current rupee during the time only of the high currency of ficas. The new regulation debases it for ever.

What great fortunes may already have been made since this regulation, by trafficking with the coin! Those who knew of the change which was to take place in favour of the 11 fun ficas, might have bought them up cheap, at so near an approach to the time of issuing the 12 fun ficas, and might have sold them again at an advanced value of 3 per cent.

Then, after the regulation was known, the 10 fun ficas, which were at once to become funat, would fall in their price 2 per cent. upon which they might also be bought up by those in power, and by a stroke of the hammer be turned into ficas of the 12th fun. Besides this, all the funats and other rupees of full weight, may be the object of the same manœuvre.

Those who have the mint, are masters to recoin them at a profit of 5 per cent. because the 100 funats by being recoinéd, will be raised from 111 rupees current

to 116, and the restamping a coin of full weight, which has occasion for nothing else than a new impresson, is a trifling expence. It is said in this letter, that it was *impossible* to raise the denomination of all the funats: They might have added, *without depriving the mint of an immense profit.*

It is unnecessary to annalise the different methods of making profit upon the coin of Bengal, as long as people have it in their power to give to it an additional value of between 5 and 6 per cent. by recoinage, at the expence of debasing the value of the rupee current.

It is alledged that the revenue of the Company is not paid in rupees current, but in ficca rupees, and this being the case, that no harm can result to the Company by this change.

I apprehend, that whether the Company's revenue be paid in current rupees or not, the injury will be the same. For although the tenants may be obliged to pay at the rate of ficca rupees, this obligation never can imply payment in the specific coin, viz. the ficca of the year, because it is impossible that as much coin can be made every year, as to fill the hands of all the Company's tenants.

The meaning therefore of paying the revenue *in ficca rupees*, can be no more than that the rupees in which the rents are paid are to be valued or converted from their intrinsic value, into ficca rupees 16 per cent. above current.

Now at present the far greater part of the coin of the country consists in funat rupees, dufs massa rupees, and many other coins which pass in payments to the Company according to the proportion of their weight and fineness. If upon recoinage an augmentation of value; if, I say, an additional batta of 6 per cent. be given to all this coin, without adding any thing to its intrinsic value, will it not be paid to the Company at this additional batta?

When the revenue then is paid into the Treasury of the Company, will any man say that this revenue is not less than formerly, merely because it is composed of the same number of sicca rupees, although in weight of silver it may be several per cent. light?

If it be farther urged, that as matters stand, people who have their rents to pay to the Company, take care to have their coin turned into siccas at the mint before they deliver their payments. I answer that nothing can be more absurd, than for the Company to keep a mint for the sake of defrauding themselves by so childish an operation.

Farther, were not reckonings kept by denominations of ideal rupees current, what advantage would be found in raising the denominations of coins? Were people bound to pay in guineas, and not in pounds, what loss would there be though a guinea were called 50 £.? But as reckonings are kept in pounds, and as these pounds are paid in guineas, it is of great importance that the value of the guineas with respect to the pounds, be not varied. This is an universal principle, it requires very little reflection to make the application of it to the present subject; and the importance of it will engage me to repeat what I have said, after I shall have laid down a set of new regulations for the mint.

It would not surprise me to hear of a general petition from all the Company's servants, as well as from the troops, who enjoy fixed salaries and pay, specified *in denominations of money*, demanding an augmentation of their pay, in consequence of the raising of the *denomination of the coin*, which is debasing the value of the *money* in which these salaries are paid. The request will be just, and it will be hard to refuse it.

In the twenty-ninth paragraph of the letter it is said, *We considered the sicca rupee as the established standard coin of the country, by which the value of others would always be determined.*

It is the standard *coin*; but as a coin, it ought to be worth no more than every coin of equal weight and fineness. But is it the standard *money*? Are the Company's accounts kept in ficcas? No; they are not; their rents indeed are *calculated* upon the sicca; but they must be paid in all sorts of species, the value of which is reckoned by the current rupee, unless indeed the Company allow the mint the privilege of defrauding them; consequently, whatever raises the value of the *coin*, while it does not raise the value of the *money unit*, which is the current rupee, is robbing the Company, whether the Company perceive it or not.

Were a guinea, as hath been frequently repeated, raised to fifty pounds sterling, would this raise the value of the guinea? No; but it would debase the pound sterling, as would be felt by him who received one guinea only, in payment for a Bank Note of fifty pounds. It is amazing, how such plain consequences do not strike those who are affected by them, while they are constantly so evident to those who are to profit by them, and who, consequently, do propose them.

I can devise only one illustration more, to prove the prejudice which must result to the Company, and to all creditors in Bengal, from the regulating of the value of the current rupee upon the sicca rupee, at the full denomination of 16 per cent. above current, instead of valuing the whole coin of Bengal upon the current rupee, which is $\frac{1}{11}$ parts of the value of a silver coin of one sicca weight of the fineness of $\frac{9}{1000}$.

The method I am now to follow, is to compare with our present sterling currency, the value of the current rupee of Bengal; first, when considered to be $\frac{1}{11}$ of

$\frac{1}{11}$ of the *silver* of a ficca rupee; and, next when considered to be $\frac{1}{11}$ parts of the *denomination* of a ficca rupee.

One ounce British standard silver contains 444 grains troy weight fine, which now sells at market for 5s. 8d. of our present currency, or for 68 pence sterling.

One silver rupee of one ficca weight $\frac{9}{10}$ fine contains 175.92 grains fine: Then state $444 : 68 :: 175.92 : 26.94$.

So estimating the value of one rupee of one ficca weight of silver, of $\frac{9}{10}$ fine, with the present currency of sterling money, it is worth intrinsically 26.94 pence, or 2s. 3d. nearly.

Consequently, the current rupee which is worth $\frac{1}{11}$ parts of this coin, is worth 24.49 pence, or, nearly 2s. 6d. $\frac{1}{2}$; for $11 : 10 :: 26.94 : 24.49$.

But if we suppose this silver rupee raised by an arbitrary denomination to 16 per cent. instead of 10 per cent. above this current rupee; this will sink the value of the current rupee to 23.22 pence, or to 1s. 11d. $\frac{1}{4}$ nearly; for $116 : 110 :: 24.49 : 23.22$.

So by regulating the value of the current rupee upon the *denomination* of the ficca, instead of regulating it upon the *silver* in it, you debase the value of the current rupee from 2s. 6d. $\frac{1}{2}$ to 1s. 11d. $\frac{1}{4}$; or, more accurately, you debase it 5.18 per cent. for $24.49 : 100 :: 23.22 : 94.82$, which is 5.18 per cent. as has been said.

Will any persons, after this representation of the matter, say that the revenue of Bengal, or that a lack of current rupees, will be worth as much sterling money, after the regulation 1771, as it was before? If they do, I should be glad to see the reasons for their opinion.

The worst consequence of this regulation is, that the debasement of the current rupee has already taken place, and if it be restored to what it was, must not the Company take back all the coin they have issued, at the rate it has been issued?

It is very natural to suppose, that by such an operation upon the coin as this in 1771, the Company should have made an advantage for one year at least, proportionate to the loss they are to incur for every year to come.

This might be the case, were the Company alone to hold the profit of the mint: Were they, when their treasure is full, or successively as payments are made to them in the old coin of the country, to recoin it themselves, and to issue it out a-new, at an advanced value: They would, I say, in this case, receive (for once at least) that value, which afterwards they must allow to the coin as often as it is to return to them in payment of their rents.

But to deliver over the mint (as I find it is the practice to do) to private people, who buy up old coin; but who much more frequently receive it from the shroffs, at a small share of profit; and to leave it to this set of men to have all the emolument of the first issuing the *same coin*, as I may call it, at an advanced value of many per cent. when the consequence is, that the Company must receive it (perhaps from the very same persons who have got it coined) at this advanced value, is quite astonishing. This is a new phenomenon indeed!

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During

During the last war, there was abundance of coining and recoinage of money in Germany, but I believe every body knew, that the profit did not center in private hands, but in his who permitted the abuse. Here, the Company carry the whole loss, and share none of the profit.

From the Miscellanies lately published by the India Company, relative to the coinage in Bengal, I find such a variety of calculations concerning the weight and fineness of the silver rupees: Such variety of assays at the Tower, made upon coins sent thither to be examined both as to their weight and fineness, that it is evident there can hitherto have been no correctness observed at the Indian mints; and therefore, it is in vain to attempt to establish any general average from them.

I have therefore, upon different authorities found in those Miscellanies, reckoned the weight of one sicca sometimes at 7 dwts. 11.5511 grains troy weight, or in troy grains 179.5511, and sometimes at $179\frac{2}{3}$, the difference is small.

And the fineness, from the best informations I have got, I reckon $\frac{98}{100}$ fine, or 11 oz. 15 dwts. 4 grs.

As for the pagoda; among such a variety of different results from assays, &c. I have adopted the authority of Mr. Hort, Miscellanies, page 13, where the weight is stated at 2 dwts. 4 grains $\frac{17}{8}$, and the fineness at $\frac{86\frac{1}{2}}{100}$.

As I have been directed to avoid any plan for the introduction of a gold currency into the money of Bengal, I have taken no notice of the proportion of gold to silver either at Bombay, Madras, or Calcutta. It would have perplexed the subject, and have been of no service.

With

With respect to the conversion of rupees into pagodas, and into the pound sterling (of which frequent mention is made in the Miscellanies) I observe, that as long as the value of all Indian coins is so uncertain, no conversion can be made with accuracy. I have shewn the real value of the rupee of silver, and of the rupee current compared with the present sterling currency.

What it ought to be in exchange, or in the pay of the troops, and of the Company's servants, is merely conventional between parties. *

* At the sending of this paper to the press, the sheets R and S of the Miscellanies first appeared.

From these the abuse of battas (even according to the sentiments of the people in Bengal) will by the following extract appear beyond any thing I could have imagined.

“ Consultations, July 25, 1757.

“ In order to be able to pass fundry fittas, which had been received from Moorshedabad,

“ It was ORDERED in Council, That they should bear a batta 'till the 1st of November following:

“ First fun fittas at	-	-	-	-	-	6	Arcot rupees per cent.
“ Second fittas	-	-	-	-	-	8 $\frac{1}{2}$	ditto per ditto.
“ Third fittas	-	-	-	-	-	11	ditto per ditto.

“ Consultations, October 31.

“ On the expiration of the above term, it was RESOLVED,

“ That 3 and 4 fun fittas should, for the then ensuing six months, bear a batta of 20 per cent.
“ and pass in the Settlement for 20 per cent. better than current rupees.

“ That

It is to no purpose to make observations on the variety of computations, found in the Miscellanies, concerning the produce of silver and gold at the several

“ That second sun ficas should be 15 per cent. first suns 13 per cent. and sunats 11 per cent. better than current rupees.

“ The following papers, &c. will in some measure shew the consequences of fixing an undue and arbitrary batta on the Calcutta ficca rupees.

“ KNOW ALL MEN, by these presents, that on the sixth day of February, in the year of our Lord, one thousand seven hundred and fifty eight, Mr. Charles Douglas, of the town of Calcutta, merchant, came and advised me, that he had a large demand on the Company, on bonds, on his own and constituents accounts, to the amount, interest included, of current rupees one hundred nineteen thousand six hundred and forty-three, eight annas, and three pice; in consequence whereof, he had in a letter, under date the sixth of January last past, addressed to the Honourable Roger Drake, Esq; President and Governor, &c. Council of Fort William, in Bengal, as agents and representatives of the United Company of Merchants of England, trading to the East-Indies, demanding payment of the aforesaid Company's bonds, with Interest due, amounting in all to the said sum of current rupees one hundred and nineteen thousand six hundred and forty-three, eight annas, three pice; and upon the said Charles Douglas tendering the aforesaid bonds for payment, an order was given to the sub-treasurer for discharging the said sum, but was told, that as the Company had no other species of rupees than Calcutta ficas, he must receive them in payment, which he, Charles Douglas, absolutely refused; well knowing, that he should have his fortune, and that of others under his charge, daily exposed to being curtailed, from five, eight, to ten per cent. at the pleasure of Juggat Seat, the head shroff of this province; who, it is well known, has the sole management and direction of the current money of the country; and could always make it fluctuate in such manner as he saw fitting and convenient for his purpose.” &c.

This protest concludes, *That the Governor and Council shall order payment of the money due, in the same species of rupees as paid in by the Protestor and his constituents, to the said Company's Treasury.*

After having shewn the advantages of fixed and permanent coins, bearing denominations, in the exact proportion of their intrinsic value, this abuse of imposing arbitrary battas, will, from the preceding extracts, appear the more evident.

mints in India, and on the various deductions and allowances which the Company and the mints agree upon in stating their accounts.

The intention of this inquiry is to dissipate all these perplexities for the future; to regulate the weight and fineness of all silver coins to one exact standard; and to establish a mint price at the rate of $2 \frac{1}{2}$ per cent. deduction upon all silver given in at the mints by private persons, in lieu of assays, coinage, and every expence. The charges of refining coarse silver, must indeed be paid a-part.

As all mints must belong to the Company, they may make what regulations they think fit with respect to the coining of silver brought in by themselves. But, whatever silver they send from England ought, I think, to be refined at London, and reduced to the exact standard of Bengal, before it be exported.

By this will be saved the exorbitant expence of above 7 per cent. charged by some mint-masters in India, for refining coarse silver.—See page 33 of Miscellaneous.

Having now to the utmost of my power, collected and compared all the informations I have been able to get with respect to this important matter; and having traced the intricacies, defects, and abuses of the Bengal currency, through all their mazes: And having endeavoured to dispel the clouds, and false lights in which ignorance, or knavery has involved the subject; it is proper to suggest what new regulations may be necessary, to set the coin and currency of Bengal on a permanent and equitable footing for the future.

New Regulations for the Coin and current Money of Bengal.

WHEREAS of late years great confusion has prevailed with respect to the coin and current money of Bengal, the Honourable the East-India Company, by the express command, and under the authority of SHAH AALUM GEER, have made the following regulations respecting the currency, the coin, and the mints in Bengal, and territories thereunto belonging.

And whereas in all times past it has been the custom to strike coins in many different mints, carrying upon them the year of the King's reign, with other inscriptions and marks as appointed by the King, all passing under the common denomination of rupees; the same shall be observed in time to come.

It having been also customary of late years, to allow an advanced value of 16 per cent. to the new coins called ficca, which 16 per cent. after three years circulation has been reduced to 11 per cent. above the value of the current rupee: And as the current rupee not being a coin, but a denomination of money, and thereby not liable to any falsification or wearing by circulation, ought to preserve constantly the same invariable value with respect to all the other silver coins in Bengal;

The Company therefore, under the authority aforesaid, having resolved to put an end to all confusion in future, do for this purpose determine, that the rupee current shall be the standard money of Bengal; and in order to preserve it merely as a standard, consisting of a determinate quantity of fine silver, they hereby forbid the making of any current coin of the exact value, or which shall ever carry the denomination of a *rupee current*, to the end that this *denomina-*

tion

tion of money may at no time be subject to the inaccuracy of coinage, or of wearing in circulation.

And as the weight of all rupees in Bengal has been regulated at one ficca or ten massa weight of silver of the fineness of 98 parts fine to two parts alloy, and in respect that the current rupee has been always rated at $\frac{1}{11}$ parts of the value of such quantity of silver :

Therefore it is hereby declared, that the value of this current rupee shall from henceforth remain fixed at $\frac{1}{11}$ parts of one ficca weight of silver of ninety-eight parts fine in the hundred to two parts alloy.

And whereas one ficca weight is equal to 7 dwts. 11.5511 grains, or 179.5511 grains of English troy weight, and as $\frac{1}{11}$ parts of the said weight are equal to 163.228 troy grains; it is also declared, that one rupee current shall at all times carry the value of 163.228 grains of silver, of the fineness of $\frac{98}{100}$ parts, as has been said.

And, for the better ascertaining of the value of this current rupee, which from henceforth is to be the invariable standard of the money of Bengal, a mass of silver of the exact fineness of $\frac{98}{100}$ parts to two parts alloy, has been made with the greatest accuracy, which weighs 16322.8 grains of troy weight, which mass is hereby declared to be the exact value of 100 current rupees of Bengal, and is ordered to be deposited at Calcutta, under the care and custody of the Governor and Council of Bengal, as the perpetual standard for ascertaining the weight and value of 100 current rupees, in all time to come.

And it is hereby directed, that the said mass of silver be constantly kept in the Council Chamber, and deposited in an iron chest, to be prepared for that purpose,

purpose, with three locks and keys; and that one of the keys be lodged with the Governor, one with the assay-master, and one with the mint-master for the time being; and that the said box be not, on any account or pretence whatever opened, but in the presence of a majority of the members of council, in council assembled; and that notice be given *in writing* to the assay-master and mint-master by the secretary of the council, at all such times, and on all such occasions, as a majority of the council shall deem their attendance necessary, in order to open the chest in which the said standard is to be deposited.

And as the weight and fineness of the current rupee hath been fixed and established in the manner already mentioned, it is further declared, that all legal silver coins in Bengal, &c. shall in future be valued, and shall have currency according to their intrinsic value relatively to this current rupee.

But whereas in times past contracts may have been made, and obligations entered into, according to the ancient proportion of the silver coins, including their battas in favour, or in deduction of their several values; and as the Company intend to preserve entire the interest of all parties bound in such contracts, It is therefore declared;

That all persons who have contracted obligations to pay sums of money in sicca rupees, shall specifically pay the same at the rate of 116 current rupees, for every 100 sicca rupees, less or more for which they have been bound.

That those who have contracted obligations to pay sums of money in sunat rupees, shall specifically pay the same at the rate of 111 current rupees, for every 100 sunat rupees, less or more for which they have been bound.

That those who have contracted obligations to pay sums of money in duff massa rupees, or in such rupees as ought to carry the weight of one sicca, or 16 annas,

annas, shall specifically pay the same at the rate of 110 current rupees, for every hundred dufs massa rupees, less or more for which they have been bound.

That those who have contracted obligations to pay sums of money in arcot rupees, shall specifically pay the same at the rate of 108 current rupees, for every 100 arcot rupees, less or more for which they have been bound.

And, whereas it is impossible that the most exact coin can long circulate without its weight being impaired: And whereas the specific weight of the rupees of Bengal has at all times been considered to be one ficca weight of silver of $\frac{98}{100}$ parts fine; it is hereby appointed that the only legal silver coin of Bengal shall, in future, be this rupee, or multiples of this coin.

That the weight of each legal silver rupee in the coin shall be one ficca weight.

That the fineness of all silver, coined into rupees or multiples thereof, shall be 98 parts fine and 2 parts copper, without any remedy for weight or fineness, and that this fineness shall be called *the standard of Bengal*.

That out of 100 ficca weight of silver of 80 parts fine to 20 parts alloy, shall be coined 1280 pieces, which shall carry the denomination of one anna: or 640 pieces, which shall carry the denomination of two annas: or 320 pieces, which shall carry the denomination of four annas: or 160 pieces, which shall carry the denomination of eight annas, or of one half silver rupee. And, that the quantity to be coined of such small denominations, shall be according as the East-India Company shall direct for the use of circulation, and for the facility of exchanging the standard silver coins: But this species of coin shall not be deemed a legal tender in payment, for more than the value of one silver rupee, unless by consent of parties.

That the circulation of cowries shall be permitted, notwithstanding this regulation, for the exchange of silver rupees, but with this restriction, that the said cowries shall not (without consent of parties) be allowed as a legal tender above the value of one anna piece.

That whatever old silver coin or bullion of any fineness may be brought to the mint to be coined, shall be delivered to the assay-master, who shall convert it into ingots of Bengal standard fineness, and who shall redeliver the same stamped with a proper stamp upon them.

That the expence of refining silver worse than standard, shall be paid for by the proprietor of the silver, according to a table of prices, in proportion to the quantity of alloy the silver may contain.

That nothing but silver of the Bengal standard stamped by the assay-master, shall be received by the mint-master, upon which there shall be a batta upon the weight of $2 \frac{1}{4}$ per cent. deduction for coinage. That the said deduction once allowed, the proprietor of the silver shall receive from the mint-master the full remaining weight of his silver, in silver rupees, free of all charges whatsoever.

That all payments of 100 or more legal silver rupees, shall, at the requisition of the receiver, be delivered in bags to be verified in a scale with respect to their weight. That all deficiency in weight which shall not exceed one per cent. shall be made good by the payer to the receiver *at the full value of the coin*: And that in such bags no anna piece shall be included with the legal silver rupees, when to be so verified in a scale as aforesaid.

That

That all coin of Bengal standard fineness, which shall be found more than one per cent. light of its standard weight, shall be received at the rate of *bullion at the mint*, that is to say, at $2 \frac{1}{4}$ per cent. below its weight.

That coin below Bengal standard fineness, shall have no currency at all as legal money; but may be delivered as merchandize as parties can agree, or may be delivered to the mint, according to the above regulations.

That all payments by the Company shall after the day of
be made in silver rupees of standard weight and fineness.

That no single piece of legal coin below standard weight, of whatever denomination or value it be, shall pass current in virtue of the stamp, but with the *batta* appointed to take place in sums of 100 silver rupees, unless by the consent of parties.

The fatal consequences which have followed upon a gold currency's being introduced into Bengal, as lawful payment of money due in the standard silver currency of the country, having been taken into consideration; and it appearing to the Company, that from ignorance or misrepresentation the gold coins were rated many per cent. above their due proportion of value to the silver coin: It is therefore appointed that in future, no gold coin whatsoever shall carry any legal denomination with respect to rupees, either silver or current; but shall pass in payment as merchandize according as parties may agree.

But considering that there has been at all times some gold coins, either struck in Bengal, or received into Bengal from other countries; and considering also the great usefulness of such gold coins, both for supporting a correspondence
in

in trade with provinces where gold coins circulate as current money, and for augmenting the quantity of circulation, which from the various abuses mentioned has been diminishing for some time past, the Company have thought fit to make the following regulations :

That gold bullion may be delivered to the assay-masters, at all the Company's mints, who shall reduce it to Bengal standard, viz. to $\frac{98}{100}$ fine. That, in like manner, it shall be received by the mint-masters, when stamped by the assay-master, and shall at the deduction of one per cent. upon the weight, as the price of coinage, be delivered to the proprietor in standard gold rupees of one ficca weight, or in the multiples of such rupees as the proprietor shall request.

That no gold coin shall be made of less weight than one ficca, or below the fineness of the Bengal standard.

That whereas the current money of Madras is in gold pagodas, of the weight of 2 dwts. $4\frac{17}{32}$ grains, and of the fineness of $\frac{86\frac{1}{4}}{100}$; it follows that

3.8602 gold pagodas of lawful weight and fineness are of the value of one gold rupee. Therefore, it is declared that the currency of pagodas in Bengal, and the currency of gold rupees in Madras, shall be regulated according to the following proportion, viz. That 100 gold rupees shall pass for 386.02 pagodas; and that 100 pagodas shall pass for 25.905 gold rupees.

And further, if it shall happen that any transaction or payment shall take place between the inhabitants of Bengal, in which it shall be necessary to convert the value of gold coins of foreign nations into the gold rupees above-mentioned, in all such cases, the value of foreign coins shall be converted at one per cent. below their intrinsic value, when compared with the gold rupees of Bengal; the said one per cent. being the deduction to be taken at the mint for recoinage gold, exclusive of the expence of refining above specified.

But,

But, in respect that the pagodas of Madras, and the gold rupees of Bengal are coined under the same authority; it is declared, that they shall pass current in their respective districts for their intrinsic value, without the deduction of any batta or price of coinage whatsoever.

These are the regulations which appear to be the most expedient for removing the present confusion in the coin and current money of Bengal; and these are also what appears to be the most consistent both with principles and common sense.

I am sorry however to observe, that they are not such as can be executed without inconvenience, and even loss to the Company. Past abuses must be followed by future losses.

I have observed that no part of the emolument of raising the denomination of the coin by recoinage, has hitherto fallen to the share of the Company. But if this arbitrarily raising of the coin has already taken place to the profit of individuals, can any person advise the Company, by an operation equally arbitrary, to cut it off, to the prejudice of those who have honestly received in payment this coin, thus arbitrarily raised?

The sicca rupees of the eleventh sun, which according to custom should have fallen 3 per cent. in September last, have been supported at their full value of 116 rupees current for 100.

All sunat rupees recoined have been also raised to ficas. Were the Company at once to retrench this extraordinary batta of about 5 per cent. and order all rupees whatsoever of full weight and standard fineness to be received at 110

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rupees

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rupees current for 100 and no more, would not this be breaking faith with the public, at the time they propose to establish it?

What part therefore appears to be the most rational to be taken?

From the lights I have received, I should advise to repeal the regulation of 1771, as being done without the authority of the Company: To restore the former policy as to *ficca* rupees: To allow them to become *sunats*, according to the accustomed *battas*, the second and third years of their currency: To cut off the profit gained by the mint in coining *ficca* rupees for the future: To issue whatever silver rupees may be coined, at the rate of 110 current rupees for the 100: To appoint that new rupees should no more be called *ficcas*, but *silver rupees*, in order neither to perplex the accounts which are kept in *ficcas*, nor to diminish the value of the Company's revenue which is paid in *ficcas*.

By the regulation above-mentioned, it has been provided, that whoever owes a sum of *ficca* rupees, shall specifically pay the same at the rate of 116 rupees current, for every 100 *ficca* rupees contained in his obligation.

Now, while this extraordinary *batta* was allowed upon the *ficca* rupees, they were in commerce really worth 16 per cent. better than the current. There is therefore no reason why any person should gain or lose upon the taking away of this arbitrary *batta*. An example will make this plain:

A. and B. have each a farm of the yearly rent of 100 rupees; A. is obliged to pay *ficca* rupees, B. is obliged to pay in *dus* *massa* rupees: Will it not be allowed that A. pays 6 per cent. more rent; and, consequently, *cæteris paribus*, that his farm is 6 per cent. better than the farm of B.?

Suppose

Suppose then, that the extraordinary *batta* on the *ficca* rupees is taken off, and that what was formerly *ficca* should become *silver rupees*; is there any reason why the rent of A. should be brought upon a level with the rent of B. and that the landlord should lose 6 per cent. upon his rent? Certainly no.

Consequently, A. will with reason be obliged to pay for his farm 116 current rupees, and B. will continue to pay 110 current rupees. By this method of arranging the matter, I do not perceive any loss the Company will sustain beyond what they have done in time past.

There will certainly be no loss to the Company in issuing the new silver rupees at 110 current for the 100 silver rupees; since the Company cannot say they ever put any of this imaginary *batta* as a real value into their accounts. And the $2\frac{1}{2}$ per cent. upon the coinage, will I imagine sufficiently defray the expence.

It may be said, that such a regulation may stop the mints; because it was on account of this *batta* on *ficcas* that coin was brought to the mint.

To this objection I answer, that if the other regulations concerning light coin, and low standard be observed; and if the mint be laid open to every person who has such light coin in his hand; he will, nay he *must* carry it to the mint; because he will not be able to make a payment with it any other way.

If light and base coin be proscribed in circulation as money, what can any man do with it? He who owes must pay; and when a man has silver, and that his silver can be turned into money, his excuse for having no money will
never

never be admitted by any body. This is common sense, it is an universal principle, and the experience of all nations proves it to be true.

If light and base coin be allowed to circulate as money, then indeed nobody will go to the mint, and it is in order to bring it to the mint, that such coin ought to be proscribed.

Causes of the Scarcity of Coin in Bengal, and of the Methods which may be employed to lessen the bad Consequences thereof.

THE complaints of a scarcity of coin in Bengal, once so famous for its wealth, are so general that the fact can hardly be called in question.

The revolutions of government in Hindostan, the ravages by foreign conquerors, and domestic tyrants, have no doubt, on one hand carried off the treasures, as on the other they have interrupted the trade and industry of the inhabitants, which for many ages had been the means of heaping them up.

Before the existence of an internal revenue, in favour of European nations who traded in the commodities of the country, an equivalent in silver was constantly brought from Europe for the balance of Indian goods exported from Hindostan.

But upon the East-India Company's acquiring a revenue, exceeding by very far the greatest investments of Indian goods, the importation of silver into India

ceased

ceased from the part of England; but the exportation of goods went on nevertheless, consequently the industry of the workman was paid for with the money of his own country.

The consequence of this was, to diminish greatly, if not quite to absorb that fund of domestic industry, from the exportation of which the country drew every year new treasures from foreign nations.

There is no nation any ways conversant in trade, which does not exchange some commodities against those of the nations with whom it trades, and if there be wealthy people in such countries, they will retain their taste for foreign luxuries, even although the consumption of them should be prejudicial to their native country. We are not therefore to suppose that Bengal has been an exception from the general rule. Consequently the goods exported from Bengal by the English, having occasioned no importation of money from England in return, the importation of goods from England, and from their Indian neighbours, must have been paid with the money of Bengal exported, to the diminution of the general fund.

The articles of importation into Bengal as far as they are not compensated with the exportation of their own commodities, not bought up with the very money of the country, is therefore one article of drain from their original wealth.

The second I shall mention, is the specie carried out by the Company for the China market, which, in the space of three years, amounts to about 720000l. sterling.

The third is, the annual subsidy paid to the Great Mogul, which is sent out of Bengal, and never returns.

The fourth is, the money laid out in buying diamonds.

The Company considering the diamonds of the country as no way useful for carrying on circulation, permitted the exportation of them. The consequence was, that presents, which otherwise would have been made in coin, were made in jewels; and as the jewels in the country were of a limited extent, and that there are no diamond mines in Bengal, the coin was sent out of Bengal for the purchase of the diamonds, and was virtually exported to the diminution of their wealth.

The fifth drain is the lending of money to foreign nations trading to India: Such as the French, Dutch, Danes, and Swedes; all these nations have a trade to Hindostan, China, and other parts of India.

The Dutch carry on this trade, and pay a great part of their investments every where in spiceries, which are the product of their own dominions, the spice islands.

This is a fund the most extensive, and the most inexhaustible: Extensive, because spiceries are a necessary of life to most of the Indian people: Inexhaustible, because nature produces a new supply every year.

It is a question worthy of disquisition, whether the spice islands do not produce to Holland more clear revenue, than all our East-India Company can realize from their settlements in Asia. A revenue collected at a small expence; administered with the less abuse, because instead of consisting in money, it consists in natural produce; and because the countries which produce it, not
being

being exposed to foreign enemies, the enormous expence of armies and fleets is entirely saved.

These circumstances considered, it follows, that the Dutch have less occasion for silver, in carrying on their Indian trade, than any other European nation, Great-Britain excepted. Whatever money, however, is borrowed by the Dutch, French, Danes and Swedes, from British subjects residing in the settlements belonging to the East-India Company, may very justly be put down as an article of drain from the coin in question.

The French, Swedes, and Danes, among other branches of Indian trade, send each two ships to China yearly, from which country they import above six millions of pounds weight of tea; the greatest part of which is from the French ports in our neighbourhood, smuggled in upon the coasts of Britain and Ireland, and into our settlements in America and the West-Indies.

The China trade is what requires *silver* the most of any. The only method for the French, Danes, and Swedes, to procure this commodity, is by converting the return of their trade into bills upon Cadix, where at a great expence they procure silver.

Now if they can borrow money from British subjects in our East-India settlements, at a lower rate than they can procure it at Cadix, there is little doubt but they will do it; and if British subjects can lend money to those nations at a higher rate than what they can procure to themselves by remitting through the cash of the East-India Company, there is little reason to doubt of their accepting such offers.

Besides

Besides the China trade of those nations, concerning which we are now enquiring; namely, the French, Dutch, Danes, and Swedes: The French occasion a drain peculiar to themselves: They have considerable settlements on the coast of Choromandel, and they have occasion for money to make their investments there. The money therefore they borrow from the English in Bengal, they carry out of the country never to return; and consequently this also may be stated as another article of drain.

Upon the whole, with respect to the lending to foreigners, we may conclude, that whatever sum be lent, more than what is invested by the borrowers in the country of Bengal, is drained from thence. I have pointed out the interest they may have to carry the coin away, in order to counterbalance the common opinion, of there being little loss to Bengal from the lending of money to foreign nations; because it is supposed to be invested in merchandize, the product of Bengal.

The sixth drain is a consequence of the internal situation of Hindostan. The Company's settlements are environed by many hostile nations: This of necessity draws the army towards the frontier. The expence of an army is very great, and one great part of this expence is its subsistence.

Whoever furnishes any article for the consumption of an army, makes the price it is bought with his own; consequently all the money spent for articles furnished by the neighbouring countries, is lost to Bengal. The extent of this article may be enquired into by the Company; a hint is sufficient to call their attention towards an object of so great moment.

At setting out I observed, that every thing exported from Bengal for value received from abroad, not paid for out of the Company's revenues, was an article of augmentation of the coin. That every thing imported from whatever quarter, and paid for with the money of Bengal was an article of drain.

This being established, I must state, as the seventh article of drain, whatever raw-silk, cotton, or other merchandize fit for manufacture is imported from other nations, unless as far as it is paid for by the exchange of commodities.

The importation of the raw materials for manufacture is in general a more profitable branch of trade to an industrious nation. But if we suppose the materials, when manufactured, to be exported without any value received in return from abroad, the consequence with respect to the object now under consideration, will be the same as if such raw materials were manufactured for the consumption of the inhabitants themselves. Such manufactures therefore when actually consumed in Bengal, will contribute to augment the luxury of that country at the expence of its wealth; and when exported by the Company they will add to the wealth of the Company, when realized into money, at the London sales, but still at the expence of the wealth of Bengal.

The eighth and last drain I shall mention, is the money sent by the Company from Bengal to Madras and Bombay. The extent, as well as the necessity of this drain is so well known to the Company, that it is here stated for memory only.

These are the drains which occur to me from the very slender knowledge I have of the trade of Bengal.

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I must observe upon the whole, that I have considered Bengal as a country by itself, not as making a part of Hindostan. I have made no allowance for the profitable branches of trade, which some parts of Hindostan may carry on with Persia, Arabia, and other countries. We must not in this enquiry confound things which ought to be kept separate. If riches flow into the large continent of Hindostan, we must enquire by what means they come to center in Bengal. We have considered even the money sent to the Great Mogul, as a drain from Bengal; we cannot therefore reckon as a recruit, what money may come to Hindostan, unless we can trace its progress to the country in question.

I must further observe, that the research I have made concerning the drains from the Bengal treasure, has been done with a view to direct a better enquiry into those important affairs. Until the abuses and the defects in the policy of a people can be known with accuracy, it is impossible to devise a remedy for them. This cannot be done but on the spot; and when it is done, the vice itself will best point out its cure.

These are the drains which carry off the specie from Bengal, and very considerable they appear to be, although I cannot make a just estimate of them.

But let us compare the present situation of that country, bad as it is, with that of the same country before the Company became proprietors of the revenue, which has in a great measure stopped the influx of silver from Europe.

This we are enabled to do from the following passage in Mr. Mandeville's Letter, dated Nov. 27, 1750, and published in the Miscellanies, page 2.
 "As the King's revenues, and other money (says Mr. Mandeville) are annually
 "sent to the Mogul's court at Dehli, the money is sent in new coined sicca
 "rupees;

“rupees; therefore not only the bullion but also the rupees of other provinces
 “imported into Bengal, in the course of trade, are every year new coined in
 “the Bengal mint; and this sweeps away almost all the silver, coined or un-
 “coined, which comes into Bengal; it goes to Dehli, from whence it never
 “returns to Bengal; so that after such treasure is gone from Muxadavad, there
 “is hardly currency enough left in Bengal to carry on any trade, or even to go
 “to market for provisions and necessaries of life, ’till the next shipping arrives
 “to bring a fresh supply of silver.”

Now if there be no exaggeration in this account of the currency of Bengal, before the Company got possession of it; what conclusions are we to draw from it with respect to the currency at present? a country swept almost clear of all its coin once in a year, and filled with it every year by new importations! can such a country ever have been very rich? I think it cannot: And what can be the effects of the present drains compared to this? The Company certainly may know what quantity of silver they used formerly to import into Bengal. They may from this estimate what the rest of the European trade may have yearly amounted to. They may even discover the yearly amount of what used to be sent to the King to Dehli.

This Drain at least to Dehli is pretty well retrenched; and a greater could not be. So if we compare Mr. Mandevile’s account with the present state of affairs, I think Bengal must be a gainer upon the whole. It is in Bengal not in London that questions like this are to be resolved.

I shall now consider, first, what remedies may be applied for stopping, or at least for diminishing the drains complained of; secondly, what resources may be opened for compensating such losses as cannot be avoided; and lastly, what contrivances may be invented for augmenting the currency of this country.

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With respect to the great influence which the acquisition of the territorial property of the East-India Company has had in intercepting the influx of money into Bengal, it is in vain to think of a remedy without sacrificing the interest of Great-Britain, and of the Company itself to that of Bengal. All therefore that can be done in this particular, is to carry on the trade to the best advantage for the Company and for this nation, consistently with the permanency of it. Not to kill the hen which lays the golden eggs, but to feed her and preserve her.

As long as the East-India Company continued to be merely a society of merchants, trading to Bengal, it was their interest, and that of the mother country, to export thither every article of British luxury, as well as manufactures.

The more of these they could import into India, the less silver was required for their trade: But now that this very country is in a manner our own, if we wish long to draw advantage from it, we must endeavour to indemnify it for the gratuitous exportation of the many manufactures, which we formerly bought with silver sent thither.

Instead therefore of furnishing them with articles of European luxury, which we have enumerated as one article of drain to their treasure, we ought to fall upon every expedient, to procure for them articles of raw productions from every part of the world. We ought to encourage every branch of trade between them and the Indian nations; and we ought to protect the industrious inhabitants from the rapine and extortions of their Indian as well as of their European lords.

Several

Several means of executing this plan will occur as we go along, and it is unnecessary to anticipate them in this place.

The deficiency of the Bengal currency, is in no respect so prejudicial to Great-Britain, as by checking the China trade, which we have mentioned as the second drain.

Could the annual investments for the single article of the tea brought into Europe by the French, Danes, and Swedes, be made by the Company out of the revenues of Bengal, the Indian trade of these three nations would soon be destroyed.

With respect to the Dutch, they will ever continue the most formidable competitors to the English Company. While spices grow, they will have little occasion for silver at the China market.

For the China trade therefore, the Company, I am afraid, will be obliged to seek for such resources, from the silver which will flow in upon them from the sales of their own goods.

The East-India Company have imported, during the three last years, about 27 millions of pounds weight of tea; in which time have been sold about $24\frac{1}{2}$ millions of pounds; and of which $24\frac{1}{2}$ millions of pounds have been exported $3\frac{1}{2}$ millions; and Government has received for duties on teas, during the above period of time, about two millions, one hundred and fifty thousand pounds sterling.

The quantity of foreign teas belonging to the French, Dutch, Danes, and Swedes, smuggled into Britain, Ireland, and America, is estimated at four millions of pounds weight. The return of this trade is chiefly in money; but be it

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in what it will, it is always an article of balance of trade against us. Would it not therefore be an advantage for Great-Britain, that the Company should engross so much of the tea trade, at least, as to supply the consumption of the British dominions, at whatever expence of silver such investments might be made? And, would it not be for the advantage of Great-Britain, that such deductions of the Custom-House duties should be granted upon the exportation of teas, as should enable the Company to underfell their rivals in every market?

It is no objection against this proposal to say, that Government would thereby prove assisting to the smuggling trade, to the prejudice of the revenue. Because there is no reason to relax any thing of the severity of the laws against smuggling, or of the care to prevent it. The object to be obtained, is to indemnify Great-Britain for the exportation of their coin, carried off by the smugglers; and since you cannot stop smuggling; it is good, I think, to render it as little prejudicial as possible to ourselves, and as little profitable as possible to our rivals in the Indian trade.

In the next place there can be no loss in granting drawbacks on the exportation of a quantity of teas, which never will be imported, except in consideration of such drawbacks.

At a time when the balance of the trade of Great-Britain is so very low, can it be said that the amount of the whole Custom-House duty upon tea is able to compensate the advantage of so great an article of exportation as this would become, were the India Company to undertake, in conjunction with the Dutch, the monopoly of tea for all Europe and America?

The great quantity of tea brought to Europe, is or may be very easily ascertained. It is very certain that the whole demand for that article is amply supplied; consequently the extent of the undertaking may be calculated.

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We know that the French, Danes, and Swedes cannot procure tea in China cheaper than the East-India Company; nay certainly not so cheap. We know that the Dutch cannot invest in spiceries for the China market, beyond the demand for spiceries in that market; and we may be certain that at present they invest to the utmost extent of that demand. The East-India Company are not therefore to attempt to rival the Dutch in this branch of trade: All they have to do is to make good the deficiency of the Dutch teas for the supply of Europe and America.

By following this plan, and by sending silver from Europe to the amount of all the teas imported, the Company will stop the great drain of silver from Bengal, concerning which we have spoken: This at the same time will ruin the China trade of the French, Swedes, and Danes; and at no greater expence to Great-Britain than what she pays at present to smugglers, who enrich the foreign Companies. And if the Custom-House duty upon tea exported be sacrificed for obtaining this great end, the balance of the trade of the nation will be proportionally augmented.

The third drain mentioned, is the money annually sent to the Great Mogul. It is not easy to find a remedy for this, unless the Company should think fit to relax so far the rigour of their regulations, as to permit their servants to accept of presents from this great prince, or to make him pay an equivalent in one way or other for the money he receives. This might be done by introducing the trade of European luxuries into his court, by which some part, at least, of what he gets, might be drawn back again.

The drain occasioned by the exportation of diamonds, was mentioned merely as a hint, in order to draw the attention of the Company towards the consequence

quence of presents, which formerly were more familiarly bestowed upon individuals than now, when more order and regularity are introduced into the government of Bengal.

All therefore that is necessary to be done is to check the *gratuitous* exportation of diamonds; or in other words the presents which are made in them; and to put the diamond trade, in return for coral and other rich commodities, under the best regulations consistent with the liberty of it.

The fifth article of drain was in consequence of lending money to foreign nations, engaged in the Indian, but principally in the China and Choromandel trade.

It has been said, that whatever sum is lent to those foreigners, more than what they invest in Bengal goods, is a drain upon Bengal. These proportions I could not ascertain, and therefore I contented myself with pointing out both the uses which foreigners had for money in China and Choromandel, and the methods they fell upon to procure silver; namely, either from Cadix, or from the Company's servants; taking it for granted, that they would provide it wherever they could find it on the most reasonable terms.

I have said all that is necessary concerning the possibility of stopping the China drain. If Europe and America be provided with China goods (which were considered under the article of tea) by silver sent from Europe; this I think will stop the drain of silver from Bengal to China.

But as long as the Company's servants have money, which they wish to send to Europe, nothing will prevent them from lending it to foreigners, except the danger

danger of trusting to their credit, or a more advantageous offer for the loan of it to the Company. In proportion as the operations proposed to be performed for monopolizing the China trade shall meet with success, the credit of foreign companies will decline upon one side, and their demand for borrowing will diminish on the other. Again, In proportion as the expences of the Company shall increase, particularly, if ever they propose to fortify their frontier, against the invasions of their neighbours, they must borrow money; and these schemes will provide an outlet for whatever may remain in the hands of their servants.* But leaving these considerations, and others which might be mentioned, to work effects proportionate to their causes, I imagine it must ever be the interest of the Company to facilitate the investment of the property belonging to their servants, in a way so beneficial to the servants, as to cut off their desire of lending money to those who are the Company's rivals in trade.

I have been informed, that large sums of money are yearly lent out to the occupiers of the lands of Bengal, in order to advance the improvement of the soil. That the interest exacted for such loans is exorbitant, because the repayment of the capital is precarious. Could possessions therefore be rendered less precarious; could industry be put more under the protection of law, this outlet alone might prove the best remedy against foreign loans, as well as the best expedient for improving the lands, and consequently for increasing the revenues of the Company.

* Many and great are the objections against fortifications, especially on the frontiers, where they will increase the sixth drain: But without fortresses there is no keeping possession of an open country, environed by states who are powerful in the field. An expence essential for preservation cannot be avoided; let it then be turned to the best account, namely, the stopping of this hurtful drain.

The sixth drain, occasioned by the residence of armies upon the frontiers of Bengal, is involved in such intricacies, that it is very difficult to propose a remedy for it. It has been said, that on such occasions the army must be provided with necessaries from countries, not under the dominion of the Company, filled with the worst and most unequal coin; the denomination of which is however raised (according to the custom of the country) far beyond its intrinsic value. From this would proceed a prodigious loss, were the armies paid in the good and equal coin, which I now suppose to be introduced into the Company's settlements.

In this case, I believe the Company cannot do better than to make an agreement with the most intelligent shroffs to be met with, and to leave to them and to the officers of the army to conduct their own affairs.

The Company, I suppose, is to gain nothing from the army by this step; such a measure would be inconsistent with fair dealing; and were any thing of this nature attempted, the army would be dissatisfied, the shroffs would gain an ascendant over them, and the benefit of the contrivance would be lost. Whereas by regulating a fair tariff of payments, and securing a reasonable profit to the shroffs, every soldier would come in for his share of the profit. But whatever bad coin might, in consequence of this manœuvre, happen to circulate upon the frontier, must not be allowed to have any course in payments within the country; nor is there any occasion it should; because we are going upon the supposition that such coin is necessary to be provided for the external expence only of the army, and no balance of payments can possibly, on such occasions, come into Bengal from the other frontier countries.

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I need not suggest, how necessary it is to supply the consumption of such armies from Bengal itself; or of what advantage it would be, to have good fortresses built upon the frontiers, in the most convenient situations, which may serve as places of refuge and protection, both for the inhabitants and their effects, upon every invasion.

With respect to the last drain, which is occasioned by the supplies of coin sent to the settlements of Madras and Bombay, it was mentioned for memory only; and the Company are the best judges how far the advantages attending it, are more than sufficient to compensate the inconveniencies.

*Methods which may be used for extending Circulation by
the Means of Paper Credit.*

LET us now suppose, that the nature of the drains which tend to diminish the current coin of Bengal have been pointed out, and that the methods for rectifying the abuses, have been understood as hints for making more accurate discoveries upon the true state of these important objects. The next objects of enquiry, are the proper methods for accelerating circulation; for by accelerating the circulation of the coin you have, you *virtually* increase the quantity of it; that is to say, a less quantity will be necessary for performing the same purposes.

The great branch of circulation in most modern states, and in Bengal like the rest, is the collection of the public revenue, and the expenditure of it. Promptitude, and punctuality in this particular, work strongly by example upon every private transaction.

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The revenues of Bengal are, properly speaking, the land rents of the country. These have at all times been let in farm by the sovereign, to subas, nabobs, and the greater subjects, who paying a fixed tribute to the prince, parcelled out their districts to persons of an inferior rank: Each of these in his smaller department did the same, until the lowest in this subordination of lessees collected his proportion from the labourers of the land.

We need not travel so far as Bengal to find examples of this œconomy. The custom of farming every branch of revenue was very common over all Europe, not many centuries ago; and the method of farming whole estates, or of collecting the rents of landed property by an interposed person, is at this day very well known in France. The custom of letting leases of very extended property in land, to people who farm it out, differs very little from the system of Bengal.

Besides the great loss to the Company in continuing to follow this plan; the unheard of extortions, and the oppression of the body of the people, which are the consequences of it, call loudly for a change of management.

The money paid by the labourers of the ground, is at present interrupted in its course, at every change of hands, until by the repeated shroffage, it comes at last reduced, as I may say, to a shadow, into the Company's treasure. This abuse is felt, and acknowledged by every body, and unless it be reformed, the revenues of the Company must daily diminish, and be in the mean time very precarious.

It is no doubt an arduous task to undertake so great a reformation; but absolute power, supported by justice and common sense, will get the better of obstacles, which in other countries would be unsurmountable.

It will require the greatest talents, and the best information as to facts, to bring so great a change to a perfect execution. But let it be remembered, that William the Conqueror made a compleat survey and valuation of a country less known to him, than Bengal is to the East-India Company; and nothing prevents the Company from availing themselves of the principles of the feudal system of government, in the execution of their plan.

If the whole lands of Bengal be valued: If a book be made out for every district of the country, and for every city and principal town, and the rent payable to the Company by every possession, be therein specified, it will be an easy matter to establish a sort of quit rent which may be payable by the whole district, to some man of consequence, who may be considered as the superior lord of it, without giving him any jurisdiction which may enable him to oppress the people, or interrupt the settled plan for levying the revenue. By this regulation the rents of the lands will pass directly from the occupier into the hands of the Company; the circulation of money will be quicker; the revenue will be greatly augmented, and several of the most considerable people will be provided with revenues, independent of every one but the Company; instead of the wealth of the country being swallowed up, as at present by the shroffs, a set of people of no consequence for supporting the authority of government, but who, like a canker-worm, are contrived to prey upon the vitals of the state.

Were this first part of this plan put in execution, another may be made to succeed.

The labourers in Bengal are for the most part manufacturers; part of their rents, instead of being made payable in sicca rupees, might be made payable in goods; and Stamp offices might be established to ascertain their being made without defect.

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In the proximity of great cities, and in very populous districts, granaries might be established, and part of the rents might be received in grain for the supply of markets, at a price proportionate to the plenty of the year. Even these granaries may be converted into banks for grain, according to a plan which may be contrived for the circulation of subsistence, and even of paper credit within a small district.

These are mere hints which point out progressive improvement; but were I here to enlarge upon them they might appear so very chimerical, as even to discredit the thought itself. Let it however be observed, that what is here proposed, is not intended to be executed by dint of authority. It is calculated so as to execute itself, as soon as the utility of it is perceived, and the credit of the Company is firmly established.

I have without success investigated every principle upon which a paper currency, *under the authority, and upon the credit of the Company*, can be established. But the principle upon which this branch of credit is grounded, is totally incompatible with sovereign power. It is founded on private utility, and it has even occasion for a superior authority to keep it within bounds.

Were the Company to open a bank in Bengal, such as the Bank of England; were this bank to become there, as the other is in London, the center of all circulation; and were it to get possession of a great part of the coin of Bengal, what security could be given, that upon a pressing occasion, this treasure might not be spent in the defence of the country? Were it made a bank purely of deposit, like the Banks of Amsterdam, Venice, Nuremberg, and many others upon the continent; the deposit contained in it would be exposed to the same danger. Were it established upon the mortgage of land property, and upon the

the best personal security, as the banks established in Scotland are; the former inconvenience would not indeed be so great, because the quantity of the bank treasure never could carry so high a proportion to the notes in circulation. But on the other hand, where is there to be found a solid property in land to be mortgaged for such an immense quantity of paper as is the unavoidable consequence of this plan of banking? And this growing deficient the powers of such a bank would be very limited. *

* The circumstances of the time engage me to point out the great difference there is between the circulation of paper by the Bank of England and by the Banks in Scotland.

The paper of the Bank of England issues and is secured upon a value *in money* belonging to the trade of England lodged in the Bank. The paper of the Banks in Scotland issues and is secured *upon land and personal estates* in the possession of individuals, not lodged in the banks, but mortgaged to the banks. Both are secure; but both are not money. The bank paper of England represents money; the bank paper of Scotland represents lands and personal estates, *not money*.

Farther, the greatest part of the notes of the Bank of England must return to it in less than sixty days; because they are issued *upon the discount of bills*, not exceeding that term. The notes of the Scotch Banks, *issuing upon permanent obligations*, may not return in many years. They accumulate therefore to a great sum, although they may at a particular time come upon the Banks all at once.

What is wanting therefore to facilitate the circulation in Scotland is, a method to convert their land securities into money, when occasion requires it.

This is done virtually, for a short time, by a bill upon London. This bill being accepted by a man of credit in London, is discounted at the Bank of England; but it must be repaid in sixty days by drawing another bill, that is to say, it must be borrowed again for sixty days longer, by the same operation, and so progressively. Were this loan to be made perpetual, instead of being made for sixty days, it would put an end to this constant circulation, so justly complained of; which is nothing else than repeatedly borrowing the same sum every sixty days.

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A system of paper credit, similar to that established in the colonies of North America, where the paper is issued upon no other security than the bare promise of the colony to make it effectual, with an obligation to receive it in payment of their taxes; but without providing any fund to pay upon demand, either the capital contained in the note in specific coin, or even an interest corresponding to the sum during the delay of payment, is so defective a scheme, and one so liable to great objections, particularly to that of gradually debasing the value of their money of account, that I never can recommend it to the imitation of any trading nation.

But altho' I am of opinion that no Bank can be established in Bengal *under the authority of the Company*, with the same advantages as in Europe, where

But the Bank of England cannot with propriety lend to perpetuity; no not even upon mortgage for any considerable time. The money they lend is not their own; it is the money of the trade of England. Is it possible therefore that they should lend this money upon land security, for any considerable time? No, certainly; and were they to venture upon such a plan, their credit would become as precarious as that of any London banker, who should fix the money intrusted with him upon funds, which he cannot command at will.

The Scotch Banks therefore, must produce to the eyes of the public, a certain fixed and perpetual fund of annual income: They must next apply to Parliament, for an appropriation of this income to the purpose of paying the annuities secured upon it; and there is no doubt of the Parliament, who every year appropriates the tolls upon bridges and highways, as a security for borrowing money for the execution of such works, ever refusing to grant the appropriation of a certain fund in the hands of the Scotch Banks, for the purpose of borrowing upon annuities for supporting the credit of so great a part of the kingdom. This will enable the Scotch Banks to borrow money in London, in order to pay London debts, and it will destroy the ruinous expedient of a perpetual circulation of bills drawn for obtaining a two months credit; which never can extinguish the capital, and which upon any distrust in the ultimate security of the drawers, acceptors or indorsers of such bills, is apt to throw credit into the most violent convulsions.

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governments are better established, and property well secured; still I am far from believing that the circulation of Bengal may not be greatly assisted by the use of paper currency.

I have observed above, that the lending of money to strangers, by the servants of the Company who have a redundancy of wealth, contributed not a little to produce a drain of specie from Bengal. I have also hinted, that certain reasons might engage the Company to borrow this money from them upon reasonable terms.

From this circumstance, I think there is an opening for the establishment of paper credit.

Let us then suppose the money borrowed by the Company from their servants in India, to be sufficient to compensate what the latter now lend to strangers.

Were it proposed to them, either to subscribe their claims upon the Company, into a banking fund; or to receive reimbursement from the Company, to the extent of what may be subscribed by others for this purpose; this new fund may be divided into shares, of rupees, transferable as the funds are in England, bearing per cent. interest, irredeemable by the Company for years, and an exclusive privilege may be granted to the subscribers for the same number of years, for the purpose of carrying on a banking trade; by the issuing of notes in the discounting of good bills payable in days; or in consideration of pledges of treasure, jewels or precious effects deposited in the Bank: Or upon the mortgage of good property, and the best personal security, for such length of time as may be judged reasonable and safe: Or in the purchase of gold and silver: Or lastly, for advancing certain

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sums of money to the Company, upon the security of their annual revenue, according to the practice of the Bank of England. All these articles of credit to be given in consideration of such rates of interest, as to the Company may seem reasonable; and as the same may be regulated by the Company, in the charter to be by them granted to the said Banking Company.

But the said Banking Company shall be prohibited from launching out into any precarious object of commerce; or from issuing their paper upon any other securities, except those above specified. Under these and such other regulations as the East-India Company may think proper to add, this Banking Company may be laid open to natives as well as Europeans. It may begin to discount bills and notes of hand at short dates, which it may renew according to the goodness of the security; and the East-India Company may with safety receive in payments the paper it issues upon discounting such bills and notes, to the extent of the money owing by themselves: Or they may furnish out of their treasures what coin may be necessary for the ready discharge of such notes as may be presented for payment at the Bank.

It will no doubt be necessary that the managers of the banking trade should quarterly lay before the proprietors an exact state of the notes in circulation, and of the securities received by the Bank, at the time of their being issued. And for the greater security against the malversation of those who are in the direction of the Bank, and who must be chosen into the direction by the body of proprietors; let it be declared, That the sum of in the banking stock shall be necessary to entitle any one to be a director: And further, that the whole property (in India) of such directors, shall be pledged (while they hold their office) as an additional security for their good administration.

It is impossible to say what operations may be carried on by this Bank, and how far it may in time extend its credit. It may for this purpose open offices in all the principal cities of Bengal; which will be admirably well calculated for calling in and recoinng all the old and unequal coin. The shroffs will naturally become proprietors, and will lend their assistance in this particular, which will be a *douceur* for them. They will be employed in a trade something like what they now carry on; but it will be so fenced in by proper regulations, that it will have every advantage and none of the inconveniencies of the present practice.

If it be thought expedient to establish granaries, or banks for the circulation of grain; this Company will be at hand for carrying on the operation.

In short, it is impossible to foretel the many advantages which may follow the establishment of credit, secured upon a solid fund of property in the hands and under the protection of the Company, who are to have no share of the profit, and the greatest interest in preventing the issuing of paper upon precarious security.

It would not I think be proper to admit any person of the council to be either a governor, or a director of this Bank; but I think it would be expedient to secure the property of the fund for the payment of the bank paper, exclusive of all other engagements the Banking Company may contract.

If we consider the rate of money in Bengal, there will be perhaps 8 per cent. upon the bank stock, and 8 per cent. more upon discounting loans, &c. both together will produce so great an emolument as to engage people of wealth and property in the banking scheme: Besides, the very notion of standing upon a
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solid and independent footing, will be extremely flattering to many of the natives. And as the establishment is planned upon the same principles as the Bank of England, it is natural to suppose that it may produce similar effects in supporting the credit of the Company on one hand, and in being supported by the Company on the other.

As I have been investigating every method to improve and augment the riches and circulation of Bengal, I cannot omit enlarging upon some circumstances relating to what I may call their foreign trade.

I have endeavoured to find out a method for conducting those resources which proceed from herself (namely, the money that she at present possesses) into a channel which may set new engines to work in order to augment circulation and encourage her manufactures; instead of serving as a bare equivalent for those at present produced. This I hope will be accomplished by the establishment of a bank, which is a more profitable employment for the Bengal money than lending it to our rivals in trade.

The consequence of this will be that more European silver will flow in upon her, from sources which we ourselves at present are shutting up.

As soon therefore as the Company's investments are made, and that the annual revenues from certain districts are paid, or credit given for them: Let all the bazars be thrown open to every foreign merchant. Let these be considered *as the sellers of silver*, not as the purchasers of goods. Let not the Company grasp at the highest profit possible upon their trade; but let them be satisfied with the highest profits compatible with the prosperity of the country which enriches them.

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Were this regulation established, every stranger who should pretend to trade in a district which is in arrear of rent to the Company, will be considered as a smuggler, and the prospect of obtaining a free trade by the payment of their rents, will be a powerful motive for the inhabitants of every district to make the promptitude of their payments a common cause.

This will engage them to apply to the Bank, and in order to obtain relief from this quarter, they must establish their credit.

In this view the Bank will be a check upon every one who may have it in his power to oppress the labourer or the manufacturer; because the profits of the Bank will depend much upon the credit of the inhabitants, and upon the preservation of their property.

What a new phenomenon in Bengal, a *Skroff* director of a bank, from a blood-sucker is become the protector of the labouring man! Interest does all. He sucks the blood because it is his interest so to do: He gives his protection from the same motive. By directing the interest of individuals to a proper object, good government is established.

The foreign trade of Bengal is what alone can increase her wealth, or at least, keep the cistern full in spite of its many leaks.

It is a general maxim, that exportations enrich a country, and that importations impoverish it. But this is to be understood in the way of trade.

The exportations made from Bengal by the East-India Company do not enrich it, any more than the importation of the spoils of the world impoverished ancient Rome.

The foreign trade of Bengal, as I am now to consider it, consists in the raw materials for their manufactures, and in that part of such manufactures as is sold for money brought into the country.

The raw materials are principally cotton, cotton-yarn, and silk. The trade in these articles ought at least to be free, not clogged with any duty, left entirely in the hands of the natives, and every protection and encouragement should be given to those who are concerned in it: Even bounties might be granted if necessary.

That the manufactures of Bengal need encouragement, is certain, since the quality of goods is said to be inferior to what it was some years ago, while the prices are higher, and the supply less. This never can be the operation of trade. It must proceed from some internal defect, which ought to be well examined into, and its causes removed.

That the investments of the Company should be made in the best goods and the choice of the market, is just and reasonable; but care should be taken to prevent the Company's servants from becoming the purchasers of what remains, with a view to make a profit upon it, in the retail to strangers.

I do not object against this purchase because a profit upon it does arise to the servants of the Company. This in my opinion should rather be a reason for approving it, both in favour of the servants, and because it is a drawback upon the profits of those who rival the Company in its trade. But when we consider Bengal to be a country belonging to the Company, exposed to many drains in consequence of this property, and to one among the rest, not inconsiderable, viz. the price paid for the raw materials of all the goods exported by the Company without any profit *to Bengal*; it will appear expedient to encourage

rage as much as possible the sale of all that is over the investments of the Company, in such a way as to increase the demand of strangers, which cannot be so well accomplished, as by leaving a reasonable profit both to manufacturers and to foreign merchants. Had indeed Bengal no occasion for foreign resources, I should propose no farther restrictions on the Company's servants in buying up goods upon their private account, than what might be necessary for the protection of the manufacturer.

To enter particularly into the regulations proper to be made with respect to the trade of Bengal, requires the most intimate knowledge of the state of every branch of it. I shall therefore content myself with suggesting the objects of such regulations. These I take to be,

First, The branch of importations by the Company. As to this, the regulations will relate to the public sales of the goods imported, and to the rules to be followed by all those who are to vend such goods in every part of the country. Uniformity must here be observed. If every purchaser be not intitled to the same freedom; if every purchaser be not subjected to the same duties upon retail; and if these liberties and these burdens be not exactly specified; this branch of trade will never flourish as it ought to do, for the emolument of the Company, and the ready supply of the consumer: And as I am informed that there is very little abuse in this particular branch of trade, it will serve as a good model for regulating the rest.

Secondly, The investments of the Company for the European market. Here all proper encouragement must be given to manufacturers. If it be thought proper to accept of part of the rents of the lands in goods; such goods must be of a determinate kind, so as to come under a regulation of prices; and although the nature and the prosperity of trade require freedom on all hands;

hands; still this freedom is not incompatible with such regulations, as may insure to the manufacturer the prices and profits, which the Company suppose to be consistent with the interest of their own trade, and sufficient to produce a living profit to their industrious subjects, which from abuses they are sometimes deprived of.

Thirdly, The internal trade of Bengal; or the sale of its manufactures for the consumption of the country, and the supply of all other markets, by merchants, who are, or who are not in the Company's service. What I shall observe concerning this, is that regulations ought to be made general with respect to all traders: Whatever custom, duty or excise be laid on, let them affect every trader equally. Let the general and only Perwannah be the Company's regulation: Let the only dustick be a permit from the Custom-House: Let frauds by the merchants, let oppression by the Company's servants be punished by courts of justice, who then will have a written law before them to regulate their decisions.

The fourth and last branch of trade is the importations from the Asiatic nations, principally consisting of the raw materials for manufactures: Of this enough has been already said. I shall only add, that premiums may be given to those, who will explore the rivers and avenues leading to the countries which abound in such productions, and security granted to the natives who will bring such goods to market.

Many bitter invectives have been thrown out against the excise imposed upon salt, beetle-nut, and tobacco; and because these articles of consumption have been monopolized, and that the profits have fallen into the hands of private persons, it is rashly concluded that the trade in them should be laid quite open.

I confess

I confess that I see the question in a very different light. The best of all taxes are moderate excises; the most productive excises are those imposed on the necessaries of life. They raise the price of living universally and proportionably, and therefore enable every industrious man to raise the price of his labour in proportion to the tax he pays. They are hurtful to the idle: But I do not attend to the interest of the idle, any further than to discover methods for making them industrious.

The plan followed in France for levying a tax upon salt and tobacco will furnish the Company with many good hints for establishing one branch of excise upon salt. I do not approve of extending it to tobacco and beetle-nut.

Beetle-nut and tobacco are the common productions of Bengal, and no excise should be imposed upon articles of consumption, except when it can be easily levied without oppression. It is therefore contrary to the principles of all excises to subject to that duty, what may easily be consumed without paying it.

But salt is not a common production of Bengal; the places where it can be made are few, and at a great distance from the places where it must be consumed.

I shall not pretend to lay down a plan for putting salt under an excise, but I shall suggest the principles upon which the plan may be formed.

The salt works must be exclusively in the hands, either of the Company or of their farmers. In France they are in the hands of the farmers. If in the hands of the Company; all the salt must be collected into certain magazines, and sold at a certain rate to persons who shall engage to supply every particular district

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of the country with salt at a certain fixed price. The difference between the prime cost of the salt to the Company, and their selling price to the merchant, is the *Excise*.

The price at which the buyer of the salt for the provision of a particular district, is obliged to sell it to those of the district, is the *affize*; which affize should be as many per cent. above the selling price of the Company, as to indemnify the merchant for all expence of transportation, risk, &c. and also to afford a living profit for himself.

Were this regulation made, and prices fixed for every district, people would be found who would make the proper provision at the Company's magazine, and who would transport it to the place of consumption.

As it cannot be supposed that every individual can go for a small quantity of salt to the office of the district; retailers should be appointed by the salt-office, for distributing the salt at a moderate profit above the office selling price, in every country village.

These are the outlines of the plan adopted in France both for salt and tobacco, with some small variations however, in consequence of particular circumstances relative to their method of farming and the like, and also to local exemptions from this duty upon salt, which make it very oppressive in those districts where it is collected; but which will be avoided in Bengal; first, because there must be no local exemptions; secondly, because there can be no foreign salt introduced, except by permission of the Company; and, in the last place, because the duty imposed must be so small as not to cost the consumer above the value of two rupees for the maund of 80 pounds weight, except on account of extraordinary distances, or of countries of very difficult access; where,
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in every way the trade can be carried on, the commodity must bear an advanced price.

From this branch of excise, properly laid on, a great income will arise to the Company, and the country will be better supplied, than by any other method which can be contrived. It is not true that an open trade is always the best. The argument for it is, that the competition between dealers will bring down the price. But this competition is very small in the sale of a necessary of life, little different in its quality, and proportioned in its quantity, to the consumption of the inhabitants. Under these circumstances, I say, competition will never take place, except when the quantity provided is not sufficient for the demand, and on every such occasion, prices will rise considerably, and the advantage from the competition will not counterbalance the advantage of a steady and regulated price at all times.

Let me here observe, that when trade has for its object such goods as are produced or manufactured in different places, under different advantages or disadvantages, natural or accidental; no excises can properly be imposed; because prices cannot then be put under any regulation. The trade must be left free, and those who sell cheapest will supply the market.

But in this trade in salt the case is different. All dealers in it will buy at the same price, and all of them must sell with the same profit.

There is no risk or expence which will not be compensated with a corresponding allowance on the affize or price of retail; there can therefore be no occasion to encourage the ingenuity and speculation of merchants for the supplying of markets with this commodity. The salt manufactured will be in proportion to the consumption of the inhabitants; and as the demand for it will be regular, and the profits

profits to the dealers in it will be certain, the only objects to be compassed by the regulations upon the trade, will be to raise a branch of income to the Company; to supply the consumption of the inhabitants at a moderate and fixed price; and to allow a certain and regular profit to the merchant.

Here again the Bank will prove of notable advantage. The undertakers for the salt-office in a distant part of Bengal, may obtain credit from the Bank at the Company's salt magazines, for the quantity required in the district. It is the interest of the Bank to take security for the delivery of the salt into the particular salt-office; and when this is done, the general regulations will prevent all abuses in the retail.

Thus have I endeavoured to lay down the principles of money, as far as they can apply to the present situation of Bengal, confined to a silver currency; and I have provided an expedient which will be ready at hand, whenever circumstances may require the assistance of gold: The only thing necessary for this purpose being to give a legal *denomination* to the gold coins, according to the fluctuating proportion of the metals in the Bengal market.

I have, to the best of my information, investigated the causes of that scarcity of the precious metals so universally complained of; and in contriving methods for correcting this inconvenience, I have also, in proportion to my knowledge of the state of the country, thrown out hints, which people of experience will be better able to improve than I can be to analyze them.

The reformation upon the method of collecting the revenue, directly from the occupiers of the land, the converting of a part of it into goods manufactured, or into articles of subsistence; the forming of granaries, and the administration

stration of them, must be the work of time; and the possibility of carrying such ideas into real execution, will be discovered by circumstances only, which have not hitherto existed, and which the greatest human foresight cannot foretel.

The success of the Bank, and the prosperity of paper credit, will solely depend upon the nature of the securities taken by the Bank upon issuing their notes. If ever this Bank shall carry on trade; if ever they shall pay for goods with their own paper; if ever they shall lend this paper on precarious security; the ruin of the Bank and of the credit of the Company in Bengal will be the infallible consequence.

Upon the whole I must declare; that throughout this little piece, I have expressed my unfeigned sentiments, without any leaning to party considerations: In this I have complied with the desire and inclination of those who put the subject into my hands.

Happy had it been for the East-India Company, had a person of better talents, and more extensive knowledge in their affairs, undertaken the task. *

* Since printing the above, I have examined, with more attention, some of Mr. Hort's calculations, contained in the Miscellanies now collecting, which relate to the prices of gold and silver in the market of Madras. In these I find the value of 100 ounces of gold, British standard, regularly stated at 1026 pagodas 8 fanams and 75 cash. The silver varies constantly.

Now 100 ounces British standard gold, contain 44000 troy grains fine; which divided by 1026 pagodas 8 fanams 75 cash, give for the contents of one pagoda, 42.874 grains fine.

But upon Mr Hort's authority, page 13 of the Miscellanies, where he gives the express weight and fineness of the pagoda, upon which I relied; I stated its value in the new regulations at about $45 \frac{1}{2}$ grains of fine gold. This is $6 \frac{1}{4}$ per cent. difference; which is certainly too much for coinage, unless he charge it on the gold and deduct it from the silver.

In this uncertainty I must advertise; that before any regulation can be made as to the currency of pagodas, in exchange for the gold rupees proposed to be coined in Bengal, a more strict examination must be made into the real value of the pagoda.

With respect to the proportion between gold and silver in the market of Madras; it may easily be discovered, by comparing the price of 100 ounces of British standard gold, with the price of 100 ounces of British standard silver, when both are valued by the pagoda.

100 ounces of British standard gold, contain 44000 grains troy fine.

100 ounces of British standard silver, contain 44400 grains troy fine.

If therefore 100 ounces British standard silver be worth 65 pagodas 30 fanams 32 cash, as in page 12 of the Miscellanies it is said to have been in August, 1753; then the proportion of silver to gold is as 15.49 is to 1.

If 100 ounces of this silver be worth 75 pagodas 5 fanams 42 cash, as in page 41 of the Miscellanies it is said to have been in May, 1771; then the proportion of silver to gold is as 13.78 is to 1.

If the same quantity of silver be worth 79 pagodas 3 fanams 73 cash, as it is said to have been in July, 1771; then the proportion is as 13.09 is to 1.

On the other hand, if we suppose the actual proportion of the metals in the market of Madras to be known, it is easy to discover what ought to be the price of 100 ounces of British standard silver.

Let me, for the sake of an example, suppose the proportion of the metals to be as 12 is to 1. Then, in order to know the value of the 100 ounces of silver, divide 44400 by 12; the quotient will be 370. Divide this again by 42.874 (which we shall suppose to be the grains of fine gold in the pagoda) the quotient will give the value of 100 ounces of British standard silver; namely, 86 pagodas 10 fanams 58 cash.

This seems to be the best method for the Company to discover the value of the silver they send to Madras; when they know the exact proportion of the metals in that market; and the exact weight and fineness of the pagoda; all prices of coinage, &c. being thrown out of the calculation.

F I N I S.





